

**Effect of Entrepreneurial Characteristics, Entrepreneurial Competencies and  
Business Strategy on Business Performance of Indonesian Companies in Vietnam**

by

**Hendra Syahputra S.T., M.Th., M.B.A.**



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**in the partial fulfilment of the requirements for degree of**

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by

Hendra Syahputra

APPROVED BY:

*Ramesh Kumar*

Dr. Ramesh Kumar

*Ljiljana Kukec*

Dr. Ljiljana Kukec

*I. Buljubasic*

Dr. Iva Buljubasic

Receive & approved by:

\_\_\_\_\_  
SSBM Representative

**Life Motto:**

**Live abundantly and Live it with proud in righteousness**

**DEDICATION**

This dissertation I dedicate to:

1. **Jesus Christ** who provides me opportunity to live meaningful life
  
2. **My Dearest Lovely Wife** Lyzl Mononutu, **My Crown Prince** Daniel Russel Loudewyk Sirait, and **My Lovely Princess** Emily Joy Henzel Sirait. Thanks for all support given to make this happen
  
3. **Sirait 's Family** and **Mononutu' s Family**
  
4. **Indonesia** as my nation and country where I belong and my alma mater **Swiss School of Business and Management (SSBM)**

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4. My beloved late Father and late Moms, Mother-in-law, and big family.

Ho Chi Minh City, 10 October 2023



Hendra Syahputra

**ABSTRACT****EFFECT OF ENTREPRENEURIAL CHARACTERISTICS, ENTREPRENEURIAL  
COMPETENCIES AND BUSINESS STRATEGY ON BUSINESS PERFORMANCE  
OF INDONESIAN COMPANIES IN VIETNAM****Hendra Syahputra****2023****Dissertation Chair: \_\_\_\_\_**

Vietnam is one of top destination outbound investment of Foreign Investment and Indonesian companies as well. This research is conducted to investigate factors that impact to business performance that may be contributed to the academic and business practical application on a topic of the effect of Entrepreneurial Characteristics, Entrepreneurial Competencies and Business Strategy on Business Performance in Vietnam. The research is applied to Indonesian companies and affiliates operate in Vietnam which must manage dynamic and high customer requirements with high intensity of competition to win the competition. This research taken in period of October 2022- June 2023 and population of the research is the company leaders who are also the owners and managers of Indonesian companies and affiliates in Vietnam. Use quantitative research by using multiple linier regression analysis technic through hypothesis test with SPSS software to proof effect of

entrepreneurial characteristics, entrepreneurial competencies, and business strategy on business performance of Indonesian companies in Vietnam. This dissertation succeeds to proof entrepreneurial characteristics, entrepreneurial competencies, and business strategy simultaneously give significant impact on Indonesian companies' business performance in Vietnam.

***Keywords: Entrepreneurial Characteristics, Entrepreneurial Competencies, Business Strategy and Business Performance.***

## TABLE OF CONTENT

|  |      |
|--|------|
| <b>DISSERTATION APPROVAL LETTER</b>    | iii  |
| <b>DISSERTATION DEDICATION</b>         | iv   |
| <b>ACKNOWLEDGEMENT</b>                 | v    |
| <b>ABSTRACT</b>                        | vi   |
| <b>TABLE OF CONTENT</b>                | viii |
| <b>LIST OF FIGURES</b>                 | xiv  |
| <b>LIST OF TABLES</b>                  | xvi  |
| <b>CHAPTER 1: INTRODUCTION</b>         | 1    |
| 1.1 Research Background                | 1    |
| 1.2 Problem Identification             | 6    |
| 1.3 Purpose of Research                | 7    |
| 1.4 Significance of The Research       | 7    |
| 1.5 Theoretical Framework              | 8    |
| 1.6 Research Questions                 | 9    |
| 1.7 Assumption and Research Limitation | 10   |
| 1.8 Summary                            | 10   |
| <b>CHAPTER 2: LITERATURE REVIEW</b>    | 12   |
| 2.1 Theoretical Background             | 12   |
| 2.1.1 Vietnam Economic Milestones      | 12   |
| 2.1.2 Indonesia Economic Milestones    | 20   |



|  |  |    |
|--|--|----|
| 2.1.3                                  | Indonesia and Vietnam Relations                                  | 24 |
| 2.1.4                                  | Business Performance   | 27 |
| 2.1.5                                  | Entrepreneurial Characteristics                                  | 38 |
| 2.1.6                                  | Entrepreneurial Competencies                                     | 48 |
| 2.1.7                                  | Business Strategy  | 58 |
| 2.1.8                                  | Enterprises  | 68 |
| 2.2                                    | Empirical Studies  | 69 |
| 2.2.1                                  | Entrepreneurial Characteristics and Business Performance         | 69 |
| 2.2.2                                  | Entrepreneurial Characteristics and Entrepreneurial Competencies | 74 |
| 2.2.3                                  | Entrepreneurial Characteristics and Business Strategy            | 76 |
| 2.2.4                                  | Entrepreneurial Competencies and Business Strategy               | 80 |
| 2.2.5                                  | Entrepreneurial Competencies and Business Performance            | 81 |
| 2.2.6                                  | Business Strategy and Business Performance                       | 85 |
| <b>CHAPTER 3: RESEARCH METHODOLOGY</b> |  | 89 |
| 3.1                                    | Overview Research Problem  | 89 |
| 3.2                                    | Operationalization of Theoretical Constructs                     | 91 |
| 3.3                                    | Research Objectives, and Questions                               | 95 |
| 3.3.1                                  | Research Objectives  | 96 |
| 3.3.2                                  | Research Questions   | 96 |
| 3.4                                    | Research Design  | 97 |
| 3.5                                    | Research Hypothesis  | 98 |
| 3.6                                    | Population and Sample  | 99 |
| 3.7                                    | Participation Selection  | 99 |

|                                    |   |     |
|------------------------------------|---|-----|
| 3.8                                | Instrumentation                         | 100 |
| 3.9                                | Data Collection Procedures              | 100 |
| 3.10                               | Research Variables                      | 102 |
| 3.11                               | Data Analysis                           | 104 |
| 3.11.1                             | Descriptive Statistics Data             | 104 |
| 3.11.2                             | Validity Test                           | 105 |
| 3.11.3                             | Reliability Test                        | 107 |
| 3.11.4                             | Multicollinearity Test                  | 107 |
| 3.11.5                             | Heteroscedasticity Test                 | 108 |
| 3.12                               | Hypothesis Test                         | 109 |
| 3.12.1                             | F-test                                  | 109 |
| 3.12.2                             | t-test                                  | 112 |
| 3.13                               | Research Design Limitations             | 114 |
| 3.14                               | Chapter Conclusion                      | 114 |
| <b>CHAPTER 4: RESEARCH RESULTS</b> |   | 115 |
| 4.1                                | Introduction Research Result            | 115 |
| 4.2                                | Research Descriptive Statistics         | 116 |
| 4.2.1                              | Research General Information            | 117 |
| 4.2.1.1                            | Respondent Gender                       | 118 |
| 4.2.1.2                            | Respondent Distribution Age             | 119 |
| 4.2.1.3                            | Respondent Educational Qualification    | 121 |
| 4.2.1.4                            | Company Year of Establishment           | 122 |
| 4.2.1.5                            | Number of employees and Business Sector | 123 |

|  |     |
|--|-----|
| 4.2.1.6 Revenue and Business Area  | 125 |
| 4.2.2 Characteristics of Research Variables                                    | 127 |
| 4.2.2.1 Entrepreneurial Characteristics Variable                               | 129 |
| 4.2.2.2 Entrepreneurial Competencies Variable                                  | 130 |
| 4.2.2.3 Business Strategy Variable   | 130 |
| 4.2.2.4 Business Performance Variable  | 130 |
| 4.3 Hypothesis and Research Questions  | 131 |
| 4.3.1 Research Validity Test (Corrected Item- Total correlation)               | 132 |
| 4.3.1.1 Entrepreneurial Characteristics Research Validity Test Result          | 133 |
| 4.3.1.2 Entrepreneurial Competencies Research Validity Test Result             | 133 |
| 4.3.1.3 Business Strategy Research Validity Test Result                        | 134 |
| 4.3.1.4 Business Performance Research Validity Test Result                     | 135 |
| 4.3.2 Research Reliability Test (Cronbach's Alpha)                             | 136 |
| 4.3.2.1 Entrepreneurial Characteristics Reliability Test<br>(Cronbach's Alpha) | 136 |
| 4.3.2.2 Entrepreneurial Competencies Reliability Test<br>(Cronbach's Alpha)    | 137 |
| 4.3.2.3 Business Strategy Reliability Test (Cronbach's Alpha)                  | 137 |
| 4.3.2.4 Business Performance Reliability Test (Cronbach's Alpha)               | 137 |
| 4.3.3 Research Multicollinearity Test  | 138 |
| 4.3.3.1 VIF value  | 139 |
| 4.3.3.2 Tolerance value  | 139 |
| 4.3.4 Research Heteroscedasticity Test   | 139 |

|   |  |     |
|---|--|-----|
| 4.3.5   | Research Hypothesis Test                             | 140 |
| 4.3.5.1   | Simultaneous Research Hypothesis                     | 141 |
| 4.3.5.2   | Partial Research Hypothesis                          | 141 |
| 4.3.5.3   | Simultaneous Hypothesis Test (F Test)                | 141 |
| 4.3.5.4   | Partial Hypothesis Test (t Test)                     | 143 |
| 4.3.6   | Conclusions on the Hypothesis and Research Questions | 147 |
| 4.4   | Chapter Summary                                      | 148 |
| <b>CHAPTER 5: DISCUSSIONS, IMPLICATIONS, AND CONCLUSSIONS</b> |  | 153 |
| 5.1   | Introduction   | 153 |
| 5.2   | Discussions  | 154 |
| 5.2.1   | General Information of Indonesia entrepreneurs       | 154 |
| 5.2.1.1   | Summary of Research General Information              | 156 |
| 5.2.2   | Descriptive Data of Research Variables               | 157 |
| 5.2.2.1   | Entrepreneurial Characteristics Variable             | 158 |
| 5.2.2.2   | Entrepreneurial Competencies Variable                | 159 |
| 5.2.2.3   | Business Strategy Variable                           | 160 |
| 5.2.2.4   | Business Performance Variable                        | 161 |
| 5.2.2.5   | Summary of Descriptive Data                          | 162 |
| 5.3   | Achievement of Research Objectives                   | 163 |
| 5.3.1   | Hypothesis Test Result                               | 165 |
| 5.3.1.1   | Hypothesis 1 (H1)                                    | 166 |
| 5.3.1.2   | Hypothesis 2 (H2)                                    | 166 |
| 5.3.1.3   | Hypothesis 3 (H3)                                    | 167 |

|  |     |
|--|-----|
| 5.3.1.4 Hypothesis 4 (H4)                          | 167 |
| 5.3.2 Regression Model of Business Research        | 168 |
| 5.4 Theoretical and Practical Implications         | 168 |
| 5.5 Conclusions, Limitations, and Further Research | 169 |
| 5.5.1 Conclusions                                  | 169 |
| 5.5.2 Limitations                                  | 171 |
| 5.5.3 Further Research                             | 172 |
| <b>BIBLIOGRAPHY</b>                                | 173 |
| <b>APPENDIX QUESTIONNAIRE</b>                      | 188 |
| 1. Google form link of questionnaire               | 188 |
| 2. Barcode link of questionnaire                   | 188 |
| 3. Questionnaire                                   | 189 |

## LIST OF FIGURES

|             |   |    |
|-------------|---|----|
| Figure 1.5  | Theoretical Framework   | 9  |
| Figure 2.1  | Vietnam Population Demography in 2022   | 13 |
| Figure 2.2  | GDP growth by sector  | 15 |
| Figure 2.3  | Share Manufacturing and Agricultural to GDP   | 22 |
| Figure 2.4  | Indonesia- East Asia Manufacturing sector   | 23 |
| Figure 2.5  | Entrepreneurial and Business characteristics on business performance  | 70 |
| Figure 2.6  | Entrepreneurial Skills links to business performance  | 71 |
| Figure 2.7  | links attributes of characteristics, values, and expectations,<br>Management practice, and business performance | 72 |
| Figure 2.8  | Basic relationship between owner's mentality and company performance  | 73 |
| Figure 2.9  | Conceptual links of Entrepreneurial characteristics and competencies  | 76 |
| Figure 2.10 | relationship between gender, personal values, business strategies and<br>Company performance                    | 79 |
| Figure 2.11 | Conceptual Framework Entrepreneurial Competencies and<br>Company Performance                                    | 83 |
| Figure 2.12 | links among quality, market share and profitability   | 86 |

|             |   |     |
|-------------|---|-----|
| Figure 2.13 | A resource-based approach to business strategy analysis | 88  |
| Figure 3.1  | Research Framework                                      | 97  |
| Figure 4.1  | Respondent Gender                                       | 119 |
| Figure 4.2  | Respondent Age  | 120 |
| Figure 4.3  | Educational Background                                  | 121 |
| Figure 4.4  | Company Year Establishment                              | 122 |
| Figure 4.5  | Number of Employees                                     | 124 |
| Figure 4.6  | Business Sector   | 125 |
| Figure 4.7  | Company Revenue   | 126 |
| Figure 4.8  | Business Coverage Area                                  | 127 |
| Figure 4.9  | Weight Distribution of Normal Distribution              | 129 |

**LIST OF TABLES**

|            |   |     |
|------------|---|-----|
| Table 2.1  | Average indicators of growth and inflation              | 14  |
| Table 2.2  | Vietnam indicators of Economic Development              | 18  |
| Table 2.3  | Vietnam Economic Structural change 1986-2001            | 19  |
| Table 2.4  | Per Capita incomes Asian countries                      | 20  |
| Table 2.5  | Indonesia Output by Sector                              | 22  |
| Table 3.1  | Summary Empirical Business Research                     | 95  |
| Table 3.2  | Likert Scale Business Performance Research              | 101 |
| Table 3.3  | Variable, Indicator, and Item of Research               | 101 |
| Table 3.4  | Independent Variable of Entrepreneurial Characteristics | 102 |
| Table 3.5  | Independent Variable of Entrepreneurial Competencies    | 103 |
| Table 3.6  | Independent Variable of Business Strategy               | 103 |
| Table 3.7  | Dependent Variable of Business Performance              | 104 |
| Table 3.8  | R-table with significant 5%                             | 106 |
| Table 3.9  | F-table   | 110 |
| Table 3.10 | t-table   | 113 |
| Table 4.1  | Descriptive Research Data                               | 117 |



|            |  |     |
|------------|--|-----|
| Table 4.2  | Descriptive Data of Research Variables   | 128 |
| Table 4.3  | Validity and Reliability Test Result of<br>Entrepreneurial Characteristics ( $X_1$ ) | 133 |
| Table 4.4  | Validity and Reliability Test Result of<br>Entrepreneurial Competencies ( $X_2$ )    | 134 |
| Table 4.5  | Validity and Reliability Test Result of Business Strategy ( $X_3$ )                  | 135 |
| Table 4.6  | Validity and Reliability Test Result of Business Performance (Y)                     | 136 |
| Table 4.7  | Multicollinearity Test Result  | 138 |
| Table 4.8  | Heteroscedasticity Test Result   | 140 |
| Table 4.9  | F-test Result  | 143 |
| Table 4.10 | Partial Hypothesis Test Result (t-test result)                                       | 145 |

# CHAPTER 1

## INTRODUCTION

### 1.1. Research Background

In today's world business dynamic environment, investors are playing important roles in economic growth. Investors and business leaders make their business strategy to run business in the most competitive way. Monitor and measure business performance regularly to make sure business is running well and successful. Investor or company drives business performance with values of entrepreneurial, competencies and strategy.

In this business research, researcher use Vietnam as a country to investigate the effect of Entrepreneurial Characteristics, Entrepreneurial Competencies and Business Strategy on Business Performance. Vietnam is interesting country to study related to business since economic of Vietnam shifted to a market-oriented economy after Doi Moi policy in the late eighties and make Vietnam grow significantly in the last three decades up to now. Economic reformation in Vietnam since 1986 have helped propel Vietnam to a middle-income economy in one generation. Gross Domestic Product (GDP) per capita has increased 3.6 times, reaching almost US\$ 3,700 from the year 2002 to 2021. Business

contribute sixty percent of GDP and thirty percent of labor works there (World Bank, 2022).

Implementation of Doi Moi policy make Vietnam consistently become an attractive country for business and investment destination in the region. Doi Moi means renovation or innovation is the name given to the economic reforms initiated in Vietnam in 1986 with the goal of creating a socialist-oriented market economy, an economic move towards to openness (Lam, 2014, p. 5). Trade and Foreign Direct Investment (FDI) have given a rapid growing to Vietnam by contributing to industrial growth and structural change along with their development process. Major industries that contribute to national growth are food processing, garments, textiles, constructions, mining, oil and gas, tourism, and services.

Vietnam government identifies several channels through which inward investment bring beneficial to Vietnam by use their country potential as the third largest market in Southeast Asia to attract investors with competitive advantages offered such as strategic location; free trade agreements; young, skilled population with competitive labor salary; domestic political stability; strong economy growth; easy doing business and many other competitive reasons of investments. In 2020 Overall Vietnam ranks 70 among 190 countries in easy doing business (World Bank, 2020). Trade and Foreign Direct Investment (FDI) generate employment, raise productivity, transfer skills and technology, enhance exports and contribute to the long-term Vietnam economic growth.

Understand their position in region, Vietnam continue strengthen their international trade integration by enter and sign bilateral, regional, and multilateral agreements. In 1992, Vietnam signed trade agreement with European Union (EU). In 1995, Vietnam joined Association of Southeast Asian Nations (ASEAN), followed by ASEAN Free Trade Area

(AFTA), and signed ASEAN Investment Area (AIA) in 1998 to enlarge access to regional market. In 1995, Vietnam become member of World Trade Organization (WTO). In 1998, Vietnam joined Asia Pacific Economic Cooperation Forum (APEC). Strengthened trade relationship with United States (US) by signed a Bilateral Trade Agreement (BTA) in December 2001.

Indonesia government see Vietnam as outbound investment opportunity for Indonesian investors made a special trade agreement with Vietnam government to accelerate realization of Indonesian outbound investment in Vietnam.

In 2021, Indonesia was Vietnam 12<sup>th</sup> largest trade partners with 11.5 billion USD bilateral trade transaction between Indonesia and Vietnam and only around forty Indonesian foreign companies are doing business in many economic sectors in Vietnam with rank 28 among the list of country investors (Kementerian Luar Negeri RI, 2020). Based on 2021 achievements, Indonesia and Vietnam governments set another higher bilateral trade transaction target become 15 billion USD in 2028 by have more companies do investment and trade in both countries (Hanoi Times, 2022).

Investors need to have a deep understanding of people's culture of investment destination as a crucial factor to succeed. As with many Asian country, business culture in Vietnam is different with western business culture. Asian countries, personal sharing, bonding, and development of long-term relationship are more favored and encouraged in business. The concept people to people contact are important in business activities in Vietnam. Adaption on Asian business culture will help investor make their business succeed in Vietnam (Smith Jr and Pham, 1996).

Beside understanding on Asian business culture, in facts many foreign investors are still struggling when started business in Vietnam either by external factor such as inadequate government business policies and implementation, and by internal factor such as company didn't perform as initial economic study for the investment (Lam, 2014, pp. 6–8). And even more many companies were closing their business permanently yearly due to loss business competitiveness.

Business competition becomes tougher year by year with more volatility, uncertainty, complexity, and ambiguity (VUCA) in the business environment. Greater competition among companies, the need for continuous innovations, and the growing use of information technology to face the challenge of improving their competitiveness. Therefore since 1755 many extensive studies, models, theories, research, and books on the topic of business competitiveness and entrepreneurship are a recurring theme discussed, and examined by scholars, and practitioners to support successful of business.

From studies and research, many scholars believe entrepreneurship and business will fuel the economic growth of the country (Audretsch and Keilbach, 2004; Atems and Shand, 2018). However, over past decades, many scholars have identified a multitude of other relevant variables such as investor motivation, business qualification and entrepreneurship skills that create complex factors impact to economic growth of the country. Many entrepreneurship research see entrepreneurs and investors as a solution of economic growth, unemployment, and social inequality (Muñoz and Cohen, 2018; Terán-Yépez *et al.*, 2020).

Vietnam as one of fastest growing country in the world, based on 2021 census record 683,600 operational companies as on 31 December 2020, up 35.3 percent from 2016

record. The number of operational companies increased 7.9 percent per year. The companies employed more than 14.7 million labors (General Statistics Office (GSO), 2021).

Although some companies have accessed supportive policies from Vietnam government and local authorities, still a lot of company closing their business permanently due to their poor capability, suffer from market competition or fail to adapt to current economic condition, and policy. In 2020, The General Statistics Office (GSO) released data January- August 2020 period with the number of companies that had suspended business reached 34,300, up 70.8% year on year (General Statistics Office (GSO), 2020b).

In the context of this research, researcher is more focusing on company capability to meet their competitiveness in Vietnam market. Study business performance that impacted from internal company perspective such as entrepreneurial characteristics, entrepreneurial competencies, and business strategy. I do believe there remain room to increase trade and investments with proper approach to current business and market environment evolving, requiring companies to bring competitiveness outcomes to end consumers (Salanova and Schaufeli, 2008).

The research is applied to Indonesian companies and population of the research is the company leaders who are also the owners and directors of Indonesian companies in Vietnam. And this research is conducted to investigate the effect of entrepreneurial characteristics, entrepreneurial competencies, and business strategy on business performance. These three factors build upon the numerous studies that have been undertaken by various business researchers in business and marketplace to bring the competitive advantage.

## 1.2. Problem Identification

Even Vietnam is remarkably interesting country to do business research related to business performance of company since Vietnam is fast growing country with high GDP growth but still lack of study, review, and literature in the past on business management and performance of the company which are running business in Vietnam.

Recent study related to business performance and entrepreneurship in Vietnam (Swierczek and Thai, 2003; Mai and Tambyah, 2011; Xuan, Thu and Anh, 2020). However, existing studies are focus on clarifying the framework of entrepreneurship to the of business performance in context general economic of Vietnam.

This study will focus on business performance related to company entrepreneurial competencies, entrepreneurial characteristics, and business strategy of Indonesia companies in Vietnam.

Indonesia and Vietnam are two countries in Southeast Asia that has a special trade agreement to enhance business trade and investment in both countries which not yet fully utilized by investors either from Indonesia, or Vietnam. There are several problems identification of current conditions needs to be improved such as:

- Government to Government and Government to Business: more clarity and simplification in regulation, incentives and other things related to authority functions, advertise the easiness of doing business.
- Business to Business: sharing and exchanging business opportunities and requirements, experience, and information.

- Government to Business : improve domestic business environments, make consultations organization for business support, streamline internal operations, and government user-friendly website for businesses.

### **1.3. Purpose of Research**

The main purpose of this research is to provide a comprehensive review the effect of entrepreneurial characteristics, entrepreneurial competencies, and business strategy on business performance of Indonesian companies and affiliates in Vietnam.

This business research will be focus on business view of investors to be successful in running business in Vietnam. This business research is conducted to Indonesian companies and affiliates operate in Vietnam to investigate the effect of entrepreneurial characteristics, entrepreneurial competencies, and business strategy on business performance.

### **1.4. Significance of the Research**

This research result expected become:

1. Investors supplement to help and encourage Indonesian companies to enter and doing business in Vietnam by studying successful factors of Indonesian companies who already invested and doing in Vietnam.
2. Indonesia- Vietnam bilateral trade supplement to improve bilateral trade transaction number.



3. Benchmark study for Indonesian companies that already operated in Vietnam.
4. Business study reference for Swiss School Business & Management (SSBM) and other business school.
5. A dissertation to complete academic requirement for degree of Doctor of Business Administration (DBA) from Swiss School Business & Management (SSBM).

### **1.5. Theoretical Framework**

Researcher builds a theoretical Framework of this research based on correlation of four research variables: entrepreneurial characteristics, entrepreneurial competencies, and business strategy on business performance as shown at Figure 1.5.

This research use survey method and analyze use quantitative method by using multiple linier regression analysis technic through hypothesis test with SPSS software to proof effect of entrepreneurial characteristics, entrepreneurial competencies, and business strategy on business performance of Indonesian companies in Vietnam.

Framework remarks:

→ :

1. Entrepreneurial Characteristics have a significant effect on Business Performance.
2. Entrepreneurial competencies have a significant effect on Business Performance.
3. Business strategy has a significant effect on Business Performance.

→ :

1. Entrepreneurial Characteristics, Entrepreneurial Competencies, and Business Strategy have simultaneous effects on Business Performance.

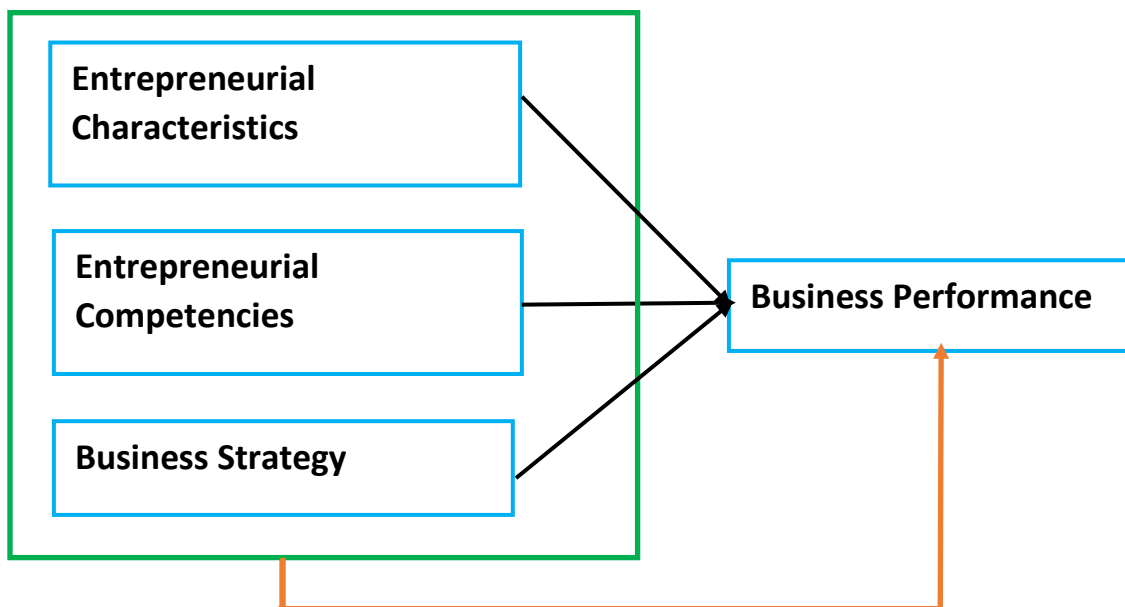


Figure 1.5. Theoretical Framework

## 1.6. Framework Research Questions

Based on research framework Effect of Entrepreneurial Characteristics, Entrepreneurial Competencies and Business Strategy on Business Performance of Indonesian Companies in Vietnam, we describe framework research questions:

1. Is there a positive simultaneous relationship among Entrepreneurial Characteristics, Entrepreneurial Competencies, Business Strategy, and Business Performance?
2. Is there a positive relationship between Entrepreneurial Characteristics and Business Performance?
3. Is there a positive relationship between Entrepreneurial Competencies and Business Performance?
4. Is there a positive relationship between Business strategy and Business Performance?

## **1.7. Assumption and Research Limitations**

Research and study related to company business performance in Vietnam is limited. Due to complexity of business performance research, this research will not assess all variables that have possibility effect to business performance. Thus, researcher building the theoretical framework necessary for the study to investigate company business performance in Vietnam based on factors can measure through the survey and interview.

A framework is the boundary set by the researcher to narrow the scope of research and provide parameters for the research (Ellis and Levy, 2009). This research has limitations that may hinder the generalization of findings. Reflecting on the result of this research, a limitation for this research only to Effect of Entrepreneurial Characteristics, Entrepreneurial Competencies and Business Strategy on Business Performance of Indonesian Companies in Vietnam.

## **1.8 Summary**

The dissertation consists of five chapters, and the following shows the activities of this research in each chapter.

Chapter One provides a research introduction, which examines the background of this this research with scope of research to focus on three variables effected to business performance. This chapter identifies the research problem, purpose of research, significance of the research, theoretical framework of the research, framework research questions, assumption, and research limitation.

Chapter Two provides a research framework for this research by reviewing the methods, aims, processes, findings and underpinning theoretical constructs of previous research in the context of company business performance. This chapter identifies the literature gaps, build Hypothesis of the research, and ends with a conclusion which connects with the variables and the formulations of the research questions.

Chapter Three examines the methodological approach by analyzing all variables in quantitative approach leading to quantitative research design. This chapter provides Overview of Research Problem, Operational of theoretical construction, Research Purpose and Questions, Research Design, Population and Sample, Participant Selection, Research variables, Data collection procedure, Data Analysis, Hypothesis Test, and Conclusion.

Chapter Four examines Result of the primary research findings from the questionnaires. Provides summary Descriptive Statistics, and empirical findings and answers to Hypotheses and Research Questions: One, Two, Three and Four, Summarize the findings and Conclusion.

Chapter Five provides Discussion of the quantitative analysis result. Discussion will cover all questions on this research such as Question: One, Two, Three and Four, shows Implications of this research for future research and give conclusions of this research.

## CHAPTER 2

### LITERATURE REVIEW

#### 2.1. Theoretical Background

##### 2.1.1. Vietnam Economic Milestones

Vietnam, officially the Socialist Republic of Vietnam is a country in Southeast Asia and located on the eastern Indochina peninsula with an area of 311,699 square kilometers. Vietnam shares land borders with China to the north, and Laos and Cambodia to the west. Vietnam shares maritime borders with Thailand, Philippines, Indonesia, and Malaysia. Vietnam has population ninety-nine million in 2022. Vietnam population is sixteenth-most populous country in the world (Fund, 2022) with demography as shows at Figure 2.1.

Vietnam capital is Hanoi and Ho Chi Minh City (formerly name, Saigon) is the largest city in Vietnam, went through prolonged warfare in the 20<sup>th</sup> century. In 1945, the nationalist Viet Minh under the leadership of communist revolutionary Ho Chi Minh proclaimed independence from France. But after World War II, France tried to reclaim colonial power in Vietnam, from which Vietnam emerged victorious in 1954 with result Vietnam separated in two parts. The communist in North Vietnam, supported by the Soviet Union and China, and the anti-communist South, supported by the United States. Upon the

North Vietnamese victory in 1975, Vietnam reunified as a unitary socialist state under the Communist Party of Vietnam (CPV) in 1976 (Elliott, Werner and Huynh, 1993, p. 204).

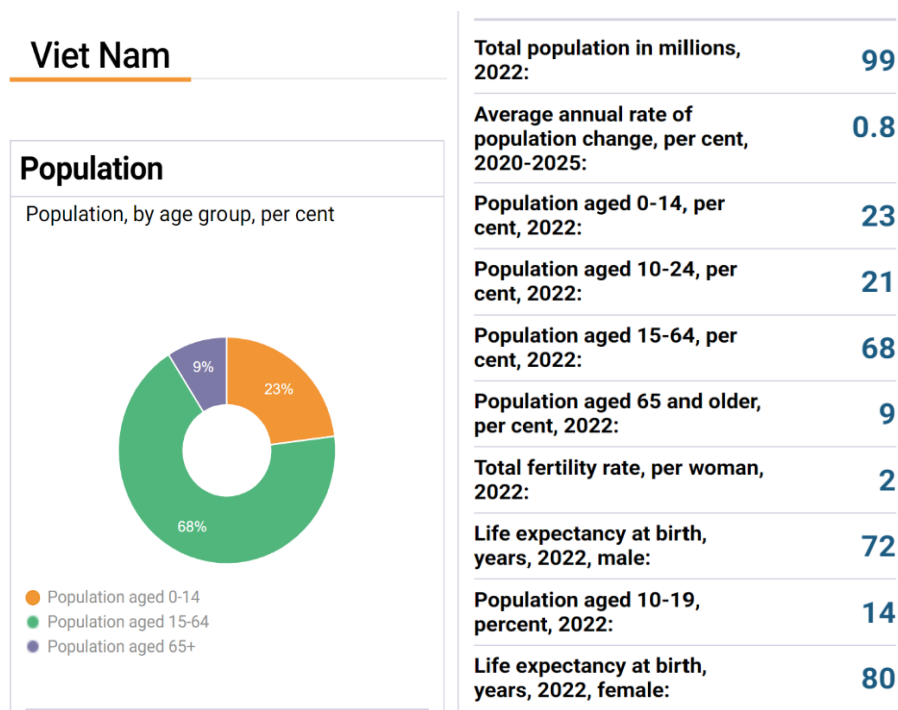


Figure 2.1. Vietnam population demography in 2022

Vietnam capital is Hanoi and Ho Chi Minh City (formerly name, Saigon) is the largest city in Vietnam, went through prolonged warfare in the 20<sup>th</sup> century. In 1945, the nationalist Viet Minh under the leadership of communist revolutionary Ho Chi Minh proclaimed independence from France. But after World War II, France tried to reclaim colonial power in Vietnam, from which Vietnam emerged victorious in 1954 with result Vietnam separated in two parts. The communist in North Vietnam, supported by the Soviet Union and China, and the anti-communist South, supported by the United States. Upon the

North Vietnamese victory in 1975, Vietnam reunified as a unitary socialist state under the Communist Party of Vietnam (CPV) in 1976 (Elliott, Werner and Huynh, 1993, p. 204).

Vietnam economy has been based on agriculture, primarily rice cultivation. But since reunification 1975, Vietnam economy is shaped become modern primarily through Five Years Plans decided by Central Committee and National Congress (Cima, 1989, pp. 149–153). Through this plans, under the strict control by government, the collectivization of farms, factories and capital goods was carried working for state enterprises, Vietnam economy didn't grow due to corruption in state-owned enterprises, poor quality and underutilization (Van Tho, 2002, p. 11).

In the period year of 1976- 1986, the unified country had an economic plan with ambitious goals for annual growth rate for industry, agriculture, and national income by integrating the North and the South. But unfortunately, the economic plan did not achieve the economic target with the poor conditions of the country, faced economic crisis; inflation went up to over 700 percent, low economic growth, negative transaction trade (Van Arkadie and Mallon, 2004, pp. 27–29) as shown at Table 2.1 and Figure 2.2 below (General Statistics Office (GSO), 2020a):

|                        | Inflation<br>(CPI) | GDP | Agriculture | Services | Industry |
|------------------------|--------------------|-----|-------------|----------|----------|
| 1976–80                | 21.2               | 0.4 | 1.9         | -0.1     | 3.3      |
| 1981–85                | 74.2               | 6.4 | 5.3         | 4.7      | 9.3      |
| 1986–90                | 298.7              | 3.9 | 3.7         | 8.7      | 4.7      |
| 1991–95                | 23.5               | 8.2 | 4.3         | 9.5      | 12.6     |
| 1996–2001 <sup>a</sup> | 3.4                | 7.0 | 3.9         | 7.3      | 12.2     |

Table 2.1 Average Indicators of growth and inflation

There are three economic sectors as main contributors to Vietnam economic growth: agriculture, industry, and service.

Figure 2.2 GDP growth by sector, 1997–2001 (per cent change)

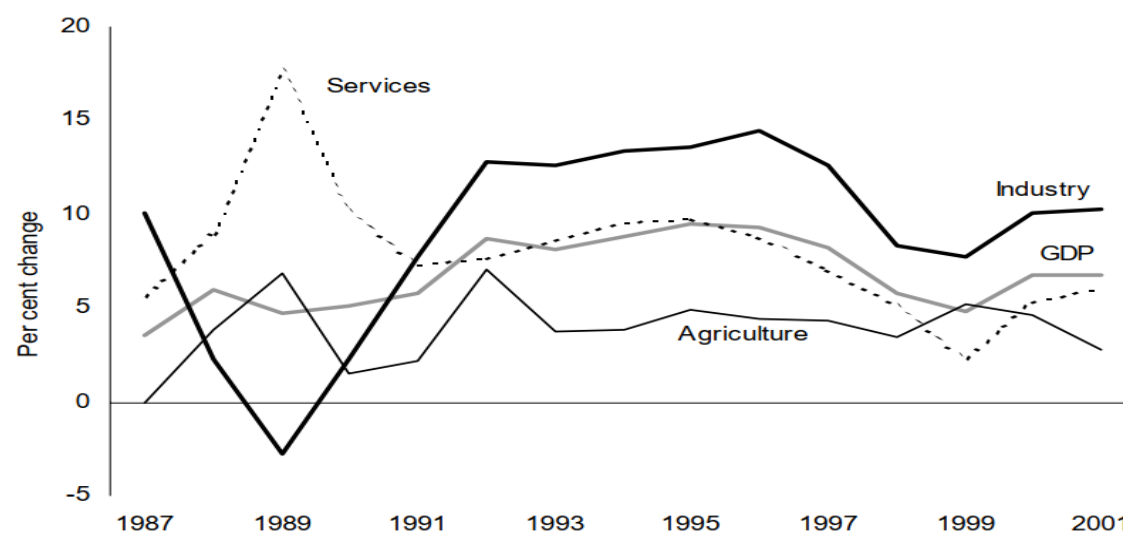


Figure 2.2. GDP growth by sector

In the middle of economic crisis, in 1986 Communist Party of Vietnam (CPV) at the Sixth Party Congress launched The Doi Moi Policy (Renovation Program), where a program of major reformation to abolish the system of ‘bureaucratic centralized management based on state subsidies’ and move to ‘a multi-stakeholder, economic market orientation which included private sector was adopted. The Doi Moi Policy have five points of Economy Renovation Program (Stern, 1987) as below:

1. Concerted efforts to increase the production of food, consumer goods, and exportable items.
2. Continue the efforts to control small merchants and capitalists, while at the same time acknowledging the reality of supporting mixed economy.



3. Regenerate bureaucracy while making the economic management system more efficient by decentralizing authority and making room for more independent decision making.
4. Clarify the powers and authority of the Council of Ministers, and the reorganization of state management apparatus to make it more efficient.
5. Improve Communist Party organization capabilities, leadership, and cadre training.

The Doi Moi Policy followed by Several reformation in Vietnam Law for business and private sector during the first half of the 1990s. In 1990, the Private Enterprises law established a legal basis for the establishment of sole proprietorship and Company Law. In the Constitution of 1992, the role of private sectors and tax reformation was introduced. In early 1990s, Doi Moi Policy began to give impact, Vietnam economy reformation give contribution to Gross Domestic Product (GDP) growth with average eight percent per year during period 1990-1995. And the same time a lot of companies faced difficulties to operate their business in Vietnam. In 1993, the Bankruptcy Law and the Domestic Investment Promotion Law established to give business certainty and at the same time give domestic investors have access to some of incentives given to Vietnamese and foreign companies (Hakkala and Kokko, 2007, pp. 2–3).

Vietnam economic situation from 1975 to now weaved together disparate threads of Vietnam government policy, economic growth, entrepreneurship, and marketplace information. That country's situation has been studied by many scholars and begins with Adam Smith. Adam Smith explained some portion of economic progress over the time, and some deviation of outcome and plan between the places. But no matter how well the process economic explains, the country's economy increased by ability to produce, say,

carriages, it explains none of its ability to move beyond carriages to car. Such a leap requires more than division of labor and specialization, but it required fundamental of road map design, road and traffic regulation, new technology and product development. The invisible hand will tend to lead individuals to pursue potential profitability of enterprises which will generate economic progress of the country (Michael, 2007, pp. 287–289).

In the view of Canonical Work of Economics, Adam Smith's *Wealth of Nations*, Vietnam economic situation 1975- 1980 can be described as following conditions: economy stagnant, all economic sectors were struggling, infrastructure still not noble cause of war damage, future country economic looked uncertain. This period was a dark period for Vietnam with inflation was running at 400 percent and government was unable to deliver basic consumer goods. Destruction caused by Second Indochina War, commonly known as the Vietnam War (1954-1975).

The early 1980, Vietnam economy began with two recessions in 3 years and then recovering with slow growth till 1986. There were turn up economic situation due to Doi Moi Policy launched in 1986, has opened Vietnam to the rest of the world, moving steadily from a traditional and agricultural country to foreign investment target. By the late 1990s, the success of business and agricultural reforms ushered in under Doi Moi policy was evident as shown in Table 2.2 and Table 2.3 (General Statistics Office (GSO), 2020a) below:

Table 2.2 Indicators of economic developments, 1986–2001

| Indicator                                     | Sixth Party      | Seventh Party    | Eighth Party     | Ninth Party                   |
|---|------------------|------------------|------------------|-------------------------------|
|   | Congress<br>1986 | Congress<br>1991 | Congress<br>1996 | Congress<br>2001 <sup>a</sup> |
| Economic growth (%)                           | 3.4              | 6.0              | 9.3              | 6.8                           |
| CPI (% year to Dec.)                          | 775              | 67               | 4.5              | 0.8                           |
| Illiteracy rate (% of population)             | 10.7             | 9.2              | 7.7              | 6.5                           |
| Income per capita (US\$)                      | 180              | 228              | 339              | 410                           |
| Food grain production<br>(kg of paddy/person) | 301              | 323              | 385              | 433                           |
| Budget surplus (% of GDP)                     | -6.2             | -3.8             | -0.7             | -3.5                          |
| Budget revenue (% of GDP)                     | 14.0             | 13.5             | 23.6             | 21.8                          |
| Gross domestic savings (% of GDP)             | n.a.             | 13.2             | 16.7             | 24.0                          |
| Current account (% of GDP)                    | -2.7             | -2.0             | -11.1            | 1.5                           |
| Gross domestic investment<br>(% of GDP)       | n.a.             | 15.1             | 27.9             | 26.1                          |
| FDI inflows—US\$ million                      | -                | 229              | 1,838            | 1,200                         |
| ODA inflows—US\$ million                      | 147              | 229              | 939              | 1,700                         |
| Exports—US\$ million                          | 494              | 2042             | 7,330            | 15,027                        |
| Imports—US\$ million                          | 1,121            | 2,105            | 10,481           | 16,162                        |
| Trade (% of GDP)                              | 25.1             | 63.7             | 100.0            | n.a.                          |

Note: <sup>a</sup> Preliminary estimates.

Table 2.2 Vietnam Indicators of Economic Development

Table 2.3      **Structural changes in the economy, 1986–2001**  
 (per cent of GDP at current prices)

|                           | Sixth Party<br>Congress<br>1986 | Seventh Party<br>Congress<br>1991 | Eighth Party<br>Congress<br>1996 | Ninth Party<br>Congress<br>2001 |
|---------------------------|---------------------------------|-----------------------------------|----------------------------------|---------------------------------|
| Agriculture               | 43.8                            | 40.5                              | 27.8                             | 23.6                            |
| Industry and construction | 25.7                            | 23.8                              | 29.7                             | 37.8                            |
| Services                  | 30.5                            | 35.7                              | 42.5                             | 38.6                            |
| Total                     | 100.0                           | 100.0                             | 100.0                            | 100.0                           |
| State                     | 33.1                            | 33.2                              | 40.0                             | 38.6                            |
| Non-state                 | 66.9                            | 66.8                              | 60.0                             | 61.4                            |

**Sources:** General Statistics Office, various issues. *Statistical Year Book*, Statistical Publishing House.

Table 2.3 Vietnam Economic Structural change 1986-2001

The implication of Doi Moi policy and follow by all derivatives laws to support this economic reformation give high, stable, and sustainable macroeconomic growth to Vietnam. The economy responded synergically to the opportunities offered by the Doi Moi policy environment.

Doi Moi policy bring economic revival to Vietnam in global economic trade, Vietnam has outperformed economic transition while maintaining macroeconomic and social stability, and while continuing improvement of institutional and human resources capability (Table 2.4). Demographic transition also contributed positively to Vietnam growth in this period (Angus, 2001).

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**Table 2.4 Per capita incomes in selected Asian countries, 1950–98<sup>a</sup>**


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|             | 1950  | 1960  | 1970  | 1975  | 1980  | 1985  | 1990  | 1995   | 1998   |
|-------------|-------|-------|-------|-------|-------|-------|-------|--------|--------|
| Viet Nam    | 658   | 799   | 735   | 710   | 758   | 929   | 1,040 | 1,403  | 1,677  |
| Thailand    | 817   | 1,078 | 1,694 | 1,959 | 2,554 | 3,054 | 4,645 | 6,620  | 6,205  |
| South Korea | 770   | 1,105 | 1,954 | 3,162 | 4,114 | 5,670 | 8,704 | 11,873 | 12,152 |
| Philippines | 1,070 | 1,475 | 1,761 | 2,028 | 2,369 | 1,964 | 2,199 | 2,185  | 2,268  |
| Malaysia    | 1,559 | 1,530 | 2,079 | 2,648 | 3,657 | 4,157 | 5,131 | 6,943  | 7,100  |
| Indonesia   | 840   | 1,019 | 1,194 | 1,505 | 1,870 | 1,972 | 2,516 | 3,329  | 3,070  |
| China       | 439   | 673   | 783   | 874   | 1,067 | 1,522 | 1,858 | 2,653  | 3,177  |

**Note:** <sup>a</sup> 1990 international Geary–Khamis dollars

Table 2.4 Per Capita incomes Asian countries

### 2.1.2. Indonesia Economic Milestones

Indonesia, officially the Republic of Indonesia is the world’s largest archipelago country and 14<sup>th</sup>-largest country by area, consist of over 17,000 islands. With over 275 million people, Indonesia is the world’s fourth-most populous country and Java island is central of country activities with the home of more than half of Indonesia’s population (Badan Pusat Statistik (BPS), 2022).

Indonesia’s economy has expanded strongly and played a modest role in the world of economy since mid- 20<sup>th</sup> century and Indonesia economic is classified as a newly industrialized country with economic growth is mixed economy between private and government sectors. Indonesia is the largest economic in Southeast Asia, fourth largest

economy in east Asia- after China, Japan and South Korea, Indonesia as the only G20 member country in Southeast Asia (Indonesia Investments, 2023). Indonesia GDP in 2023 estimated US\$ 1.38 trillion is the 17<sup>th</sup> largest economy in the world by nominal GDP and 7<sup>th</sup> largest in terms of GDP (PP) (International Monetary Fund (IMF), 2023).

Indonesia produces and export wide range of commodities of rubber, coffee, cocoa, palm oil, tobacco, sugar, tea, copra, and spices. Besides commodities, Indonesia has widespread exploration for deposits of oil and other minerals that contributed to general economic growth of Indonesia. Historically, Indonesia economy has been heavily weighted towards agricultural sector. Like many countries in east Asia, Indonesia has undergone a process of industrialization, a gradual process of industrialization make Indonesia since early 1990s become industrialized country by manufacturing sector has surpassed agriculture contribution Gross Domestic Product (GDP) growth (Goeltom, 2007).

From 1967 to 2009, the manufacturing sector in GDP increased nineteen percent and agriculture fell by thirty five percent as we can see from Figure 2.3 and Table 2.4 (Reserve Bank of Australia (RBA), 2011) below:

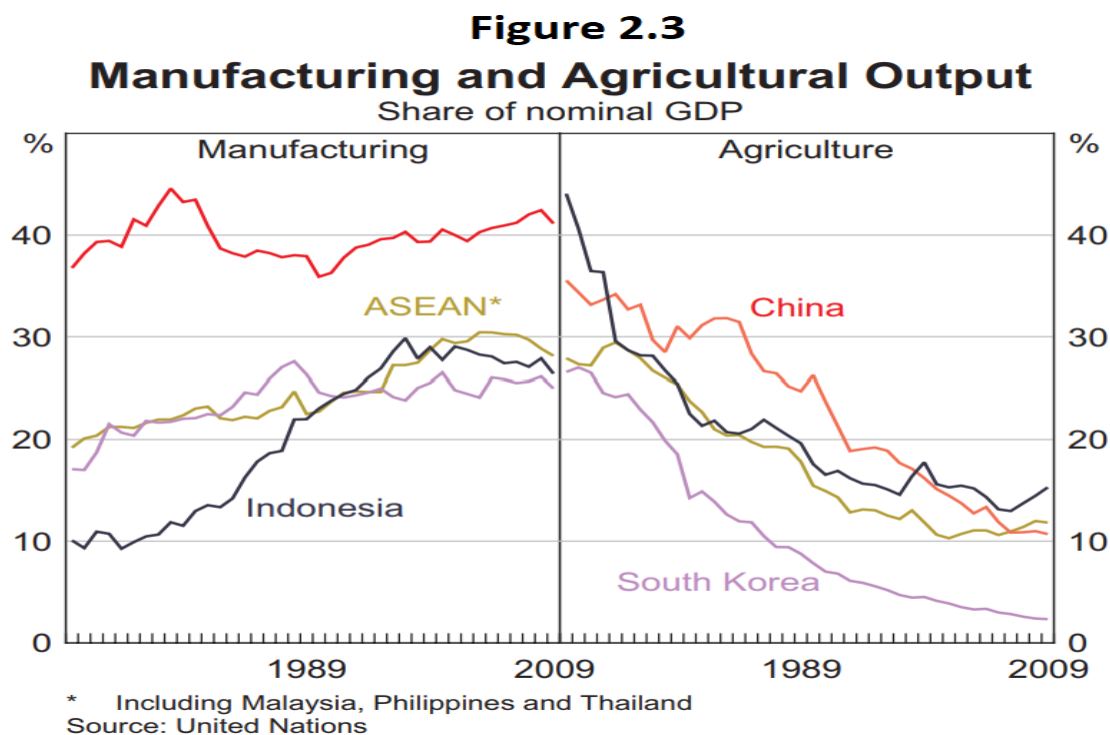


Figure 2.3 Share Manufacturing and Agricultural to GDP

**Table 2.5 Indonesia – Output by Sector**  
Sector share of GDP, per cent

|                    | 1967              | 1982 | 1996 | 1999 | 2009 |
|--------------------|-------------------|------|------|------|------|
| Agriculture        | 51                | 23   | 17   | 20   | 16   |
| Construction       | na <sup>(a)</sup> | 10   | 10   | 8    | 11   |
| Manufacturing      | 8                 | 13   | 26   | 26   | 27   |
| Mining & utilities | na <sup>(a)</sup> | 17   | 8    | 9    | 11   |
| Services           | 36                | 37   | 40   | 37   | 35   |

(a) In 1967 the combined share of construction and mining & utilities was 5 per cent

Sources: CEIC; RBA; World Bank; United Nations

Table 2.5 Indonesia Output by Sector

Figure 2.3 shows despite of all industrialization progress, agriculture remains an important sector of Indonesian economy with sixteen percent contribution to GDP and forty percent of population is working in this sector. Indonesia's manufacturing sector has grown differently to elsewhere in region. As shown in Figure 2.4 particularly, compared with the rest of the region, manufacturing sector in Indonesia focus on food, tobacco and textiles rather than elaboration of good transformed (Reserve Bank of Australia (RBA), 2011, p. 37).

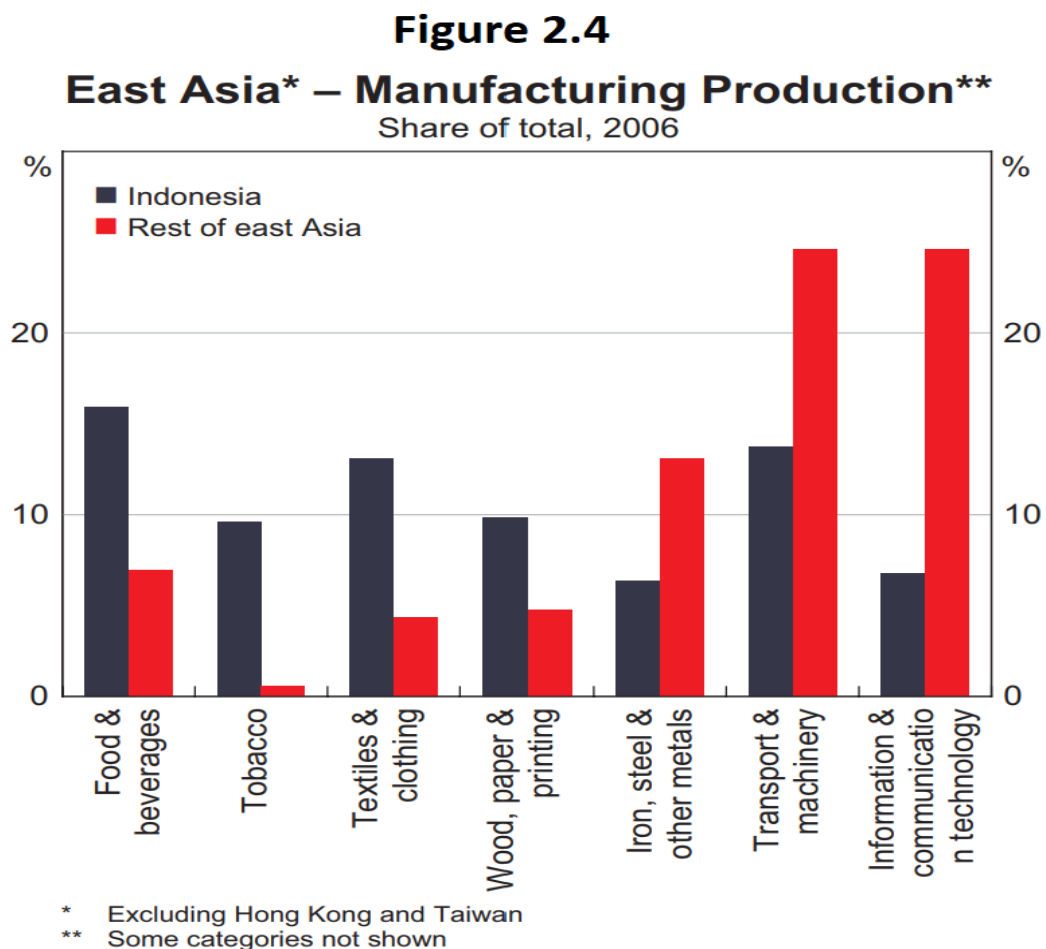


Figure 2.4 Indonesia- East Asia Manufacturing sector



### **2.1.3. Indonesia and Vietnam Relations**

Indonesia and Vietnam have informal diplomatic relations since 1940s, formal diplomatic relations were established following the 1955 Bandung Conference. The good relations between the two countries and people have been build, maintained, and developed by President Soekarno from Indonesia and President Ho Chi Minh from Vietnam. Despite a significant difference in politic orientation, both Indonesia and Vietnam have common strategic economy, security, and political interest in the region that make bilateral cooperation between Indonesia and Vietnam has been promoted ever since.

In June 2013, during the visit of Vietnam's President Truong Tan Sang to Indonesia, adjacency bilateral relationship between Indonesia and Vietnam reaches its peak due to a strategic partnership was being commenced. In October 2013, Indonesia and Vietnam foreign minister signed an action plan to implement the Indonesia-Vietnam-strategic partnership for 2014-2018. The strategic partnership builds on the comprehensive agreement which pledged to promote practical cooperation to tackle regional and global challenges concerning both countries. This partnership is expected to strengthening relation between Indonesia and Vietnam in all areas, including marine, fishery cooperation and water, food, and energy security. This partnership makes Vietnam as the only strategic partner of Indonesia in Southeast Asia (Euroasia review, 2017).

Even Indonesia and Vietnam produce many comparable products, have similar natural resources, broad markets, high domestics consumption with high population, fiercely compete for Foreign Direct Investment (FDI) and market access, but this strategic partnership has encouraged increment of bilateral trade between Indonesia and Vietnam in

various sectors by explore market in both countries. It is proven with more than thirty agreements signed at the beginning of this partnership to lay a solid legal foundation for bilateral cooperation in various realms. Built fourteen comprehensive and strategic partners that country prioritizes developing ties with. Numerous localities from two nations have established links, notably those between Kien Giang and West Kalimantan, Ba Ria- Vung Tau and Padang, and Danang and Semarang (Vietnamnet, 2013).

The value of bilateral trade between Indonesia and Vietnam has increased steadily every year. In year 2008, bilateral trade turnover was 2.5 billion USD, increased bilateral trade turnover become 5.6 billion USD at start of bilateral strategic partnership in 2014. In 2018 Vietnam was the 11<sup>th</sup> export destination country for Indonesia and 12<sup>th</sup> country as a source of imports for Indonesia. In 2021, Indonesia was Vietnam 12<sup>th</sup> largest trade partners with 11.5 billion USD bilateral trade transaction between Indonesia and Vietnam. Based on 2021 achievements, Indonesia and Vietnam governments set another higher bilateral trade transaction target become 15 billion USD in 2028 by have more companies do investment and trade in both countries (Hanoi Times, 2022). Indonesia imports crude oil, rice, tea, coffee steel, smartphones, textiles, and footwear from Vietnam while Vietnam imports steel, machineries wood, paper, coal, electronic good, chemicals and automobile pieces, fertilizer, and pharmaceutical products from Indonesia.

Indonesia and Vietnam strategic partnership become catalysator growth of bilateral trade occurs because of the exploitation of scale economies through technology specialization, natural resources, and capabilities. Scale economies come from larger production volume and availability of labor in Indonesia and Vietnam. This scale

economies bring potential from Indonesia and Vietnam to be complementary to each other in the field of energy and food and created spillover effect to region.

In 2020, Indonesia Foreign Affairs Ministry administrated forty Indonesian foreign companies are doing business in many economic sectors in Vietnam with rank 28 among the list of country investors (Kementarian Luar Negeri RI, 2020).

Despite of all bilateral trade turnover growth every year, there several factors has threatened bilateral trade between Indonesia and Vietnam such as (Ngoc, 2016, pp. 75–76):

1. Entry barriers remain in effect for garment export because of the imposition of quotas. Currently, the Vietnam government is doing many efforts to abolish quotas. While the comparison between the guarantee of textile quotas through tenders continued to increase every year
2. The perception of majority of Indonesian businessperson still considers Vietnam as a country with less potential and doing business in Vietnam is difficult.
3. Activity trade and distribution in Vietnam are limited and competitive. Therefore, many foreign companies that will sell goods produced outside Vietnam must work with local distributor or agent. In practice, foreign companies including Indonesian companies often difficult in selecting an agent can be trusted.
4. Trade barriers against several major products, including a bunch on harmful products such as toxic chemicals, firearms, ammunition, etc.
5. Vietnam government still maintain discretion for some commodities such as fuel oil, glass, iron, cooking oil, sugar, motorcycles and 9 seats cars.
6. Indonesia must include a label on medicinal products exported to Vietnam.

This research is about companies and investors on doing business in Vietnam which Vietnam business environment are partially shaped by the market systems but remain subject to discretionary actions of Vietnam government. Involvement of government pronounce uncertainty due to political and economic institutional change while government play remarkable role in shaping local business environment. There is mechanism impact of government role to create business opportunity and entrepreneurship in the country (Cooke and Lin, 2012).

This research is more focusing on Indonesia's companies' owner- managers capability to meet their competitiveness in Vietnam business environment. This business study reviewed business performance of company that impacted from internal company perspective such as entrepreneurial characteristics, entrepreneurial competencies, and business strategy.

#### **2.1.4. Business Performance**

Business performance is a lot like art and seems to be hard to define since a lot of people have different ideas about what it takes to make a good performance. Performance is the noun of the verb to perform that refers to the achievement of goals and is the result of the investment we made. Our understanding of business performance is the indicator of company performance in a specific period and will determine the growth of the company.

In the dynamic business environment where are conditions and opportunities rapidly change, competitiveness is required as a given conditions that make company always tries to improve their performance and measure it in any way possible to be

competitive in business environment. The research regarding business performance measurement can be summarized in two factors: external and internal. Research about external factors is mostly related to government policy, regulation, and macroeconomic conditions that give impact to business environment. But our focus in this research is internal factors in the company that determine business performance.

Business performance is a common construct to measure performance of business implementation in specific period. Business performance is critical to company existence, growth, and profitability. Once a company becomes large enough, the company must use a clear performance measurement and control system to manage the company's existence. But research shows that measuring business performance is difficult and debatable due to multidimensional measurement both theory and empirical (Hakala, 2013). Therefore, further research has developed indicators to measure business performance to make it higher in clarity.

Bititci, Carrie and McDevitt in their business journal mentioned company performance can see as a closed loop control system which deploys policy and strategy, and obtains feedback from various levels in order to manage the business performance. This performance will measure through management process control system. Bititci, Carrie and McDevitt identified two critical elements with respect to the content and structure of the business performance system. These are integrity and deployment (Bititci, Carrie and McDevitt, 1997).

Jauch and Glueck stated that companies need to implement strategic management so that the goals set by companies can be achieved. Goals set known as business performance indicator that will determine the growth of the company as company need to

be survive, profitable, and have a healthy growth. Business performance indicators such as sales turnover, profitability, return on investment, market share and growth. Furthermore, this implies to the complexity of company operation and business environment (Jauch and Glueck, 1998).

Bill Gates stated in his book: *Business at the speed of thought*, every business regardless industry has “autonomic” systems, the operational processes that just must go on if the company is to survive. Every business must manage its income and expenses. No company will prosper for long if products do not go out the door of the company or if the bulls and the employees do not get paid. Therefore, need a strategic performance measurement system that translates business strategy into deliverable results. Combine financial, strategic and operating measures to gauge how well company meet their business performance target (Gates, 1999).

International journal from Forza and Salvador states that pressure for achieving and continuously improving business performance leads companies to develop formal performance management process and considered it as one of the key business processes. Business processes by which a company manages its performance in line with its corporate and functional strategies and objectives. Business performance management use an information system that supports managers to fulfilling their performance with two primary functions: the first one consists in enabling and structuring communication between all the organizational units (individuals, teams, processes, functions, etc.) involved int the process of target setting. The second one is that of collecting, processing and delivering information on the performance of people, activities, processes, products, business units, etc. (Forza and Salvador, 2000, pp. 359–361).

According to business performance measurement survey that conducted by Maisel, business performance is defined as a plan, measurement and control of the company that helps ensure sales and marketing initiatives, operating practices, information technology resources, business decision, and people's activities are aligned with business strategies to achieve desired business results and create shareholder value (Maisel, 2001, p. 12).

Lee and Tsang investigate the effects of entrepreneurial personality traits, background, and networking activities on company growth among 168 Chinese entrepreneurs in Singapore. This study indicates entrepreneurial traits, background, and networking activities needed for achievement of company goals and all have positive impact on company growth. This study use three indicators, namely growth, profitability, and productivity to measure business performance (Lee and Tsang, 2001).

Laitinen definition of business performance on a managerial view as a capability of company to achieve the target. The capability is linked to activity-based costing (ABC) and consists of seven main factors and the causal chain connecting all those factors. The factors are classified as two external factors such as financial performance and competitiveness, and five internal factors such as costs, productions factors, activities, products, and revenue (Laitinen, 2002).

Kerssens-van Drongelen and Fisscher use two level measurement and report of business performance. Level 1 is a company, reporting to external stakeholders and Level 2 is within the company, between managers and their subordinates. At both levels has 3 types of actors such as evaluators (managers, external stakeholders), evaluatee (middle manager, company), and assessor (person or institution assessing the effectiveness and

efficiency performance measurement and reporting process and its outputs) (Kerssens-van Drongelen and Fisscher, 2003, p. 52).

Even though knowledge is one of the most important assets and related to better business performance, the effort to measure knowledge, especially to measure contribution of knowledge to business performance has been less clear. Even though many companies recognize the importance of the tie between knowledge and business performance, thus far, few companies can link between them. The study authors can define a good framework to measure contribution of knowledge to business performance through product and process as they viewed product and process serve as key intermediaries when we want to relate knowledge to performance. This framework can define the contribution of knowledge to performance in view of financial and organization performance (Ahn and Chang, 2004).

Li, Zhang and Chan do their research in China, the fastest and the largest emerging economy in the world, since previous studies in business performance dominated in western developed markets. Emerging economies refer to “low-income, rapid growth countries using economic liberalization as a primary engine of growth. The dynamic and uncertain China’s economic transition with market-oriented reformation, market power and competition play a significant role in the whole economic system. This required the company to learn quickly and be aggressive in market competition. This challenging situation requires the company to put strong emphasis on business performance. The business performance scale comprises of three items: sales, profit, and market share (Li, Zhang and Chan, 2005).

Sorensen and Chang in their journal review, link the relation between entrepreneurial with business performance, draws upon the insights of many disciplinary



areas including business and management, sociology, psychology, economics, finance, and public policy. This makes a new standard of business performance measurement across disciplines. Sorensen and Chang focus on definition of success in business means competently mustering the forces of productions for required tasks, high-technology, venture capital-backed firms and must demonstrate their ability to create successful products with a large market potential. They developed Business performance indicators based on sales volume, revenue, sales growth, revenue growth and organizational growth (Sorensen and Chang, 2006).

Business review made by Street and Cameron about external relationship and the small business performances shows that external partnering will help objective of sales, profitability, or lower cost, as well as in more subjective terms such as increased innovation and added value. Factors such as Individual Characteristics, Organizational Characteristics, Relationship Characteristics, Environment characteristics, Strategy Development and Planning, and Organizational Development bring impact to business performance are typically meant to represent the achievement of a business goal (Street and Cameron, 2007).

Boohene, Sheridan and Kotey in their business journal, specifically aim gender differences in small business performance in Ghana, Africa. The study authors examine the influence of gender on the performance of small in Ghana by exploring the impact of personal values on business owners' choice of strategies, specifically asking about people different business strategies, personal values influence their strategies and how it affects to the company performance? Their study found there are gender differences in personal values, which lead to different strategies adopted by women and men. The strategies

specifically Ghanaian women owner-managers are more risk-averse than Ghanaian men, and this affects their pursuit of specific functional strategies and ultimately their performance in varied ways (Boohene, Sheridan and Kotey, 2008).

Business study of Rauch *et al*, give definition of business performance based on three categories: Perceived Non-Financial performance, financial performance, and Archival Financial Performance. Perceived Non-Financial performance use satisfaction, goal attainment, or global success rating as measurement indicators. Financial performance uses growth measures such as sales growth and accounting-based criteria such as ROI and ROA as measurement indicators which all serve both theoretically and statistically. If the Financial performance was based on information provided by key person, such as the CEO, or based on objective sources such as company record, this information performance coded as Perceived Financial Performance (Rauch *et al.*, 2009).

Frank, Kessler, and Fink examine the positive impact of entrepreneurial orientation on business performance in cases in which a dynamic environment is combines with high access to financial capital and when a stable environment is combined with low access to financial capital. Frank, Kessler and Fink conducted the research in Austrian Electrical and Electronics Industry by combine two measurement to capture business performance, sales growth and cash-flow growth (Frank, Kessler and Fink, 2010).

Some research has found a strong, positive relationship between customer satisfaction and repurchase intentions. However, the relationship between satisfaction and actual loyalty behavior is less clear, and confounding relations occur between satisfaction, intention, and actual behaviors. Williams and Naumann from School of Business and Management of Sharjah has been studying variety of company performance metrics and

links it to satisfaction and financial performance in the business-to-business services sector. This study shows a strong consistent between customer attitudes and financial performance at the company level (Williams and Naumann, 2011, pp. 22–23).

Examinations of business performance were dominated by the Structure-Conduct-Performance (SCP) paradigm (Ma, 2000, pp. 18–20). From Structure-Conduct-Performance (SCP) perspective, business performance is fundamentally driven by the degree of competition in the marketplaces in which the firm chooses to operate, which in turn is a function of the structural characteristics of those marketplaces. Over the past 15 years however SCP approach has been challenged by the Resource-Based-View (RBV) paradigm which views firm specific resources rather than market characteristics as the cornerstone of competitive advantage and business performance (Peteraf, 1993).

Neil Morgan brings marketing discipline perspective to measure the impact of marketing on business performance. The need to link marketing to business performance has been forced to defend the value of marketing activities during the current global recession. Empirical evidence of the impact of marketing activities and several types of marketing-related assets on a company's accounting and financial market performance. Neil Morgan combines SCP and RBV paradigms with an integrated Marketing Capabilities, Marketing resources, Marketing Strategy decisions, Marketing Strategy Implementation and positional advantages as factors to market performance and financial performance of company (Morgan, 2012, pp. 102–104).

Kim and Gao in their journal of business research, bring the factor of Family Involvement in Management (FIM) affects the business performance. The study uses 158 family companies in China as a context in which to examine the role of the family in

business performance given the country's strong family culture. Family Involvement in Management (FIM) is a key attribute distinguishing family and non-family company. The research concludes Family Involve in Management (FIM) has no direct effect on business performance, a company's family-longevity goals positively moderate the relationship between FIM and performance. Specifically, relations to performance is more positive when a company's support for family-longevity goals (Kim and Gao, 2013, pp. 265–266).

Aruna Gamage from University of Sri Jayewardenepura Sri Lanka do business research of effect of recruitment and selection practice in manufacturing Small and Medium Enterprises (SMEs) in Japan since more than ninety nine percent of all businesses in Japan are Small and Medium Enterprises (SMEs). Aruna Gamage research examine effect Human Resource Management (HRM) practices on business performance in SMEs in Japan. This research shows a strong positive relationship between recruitment and selection practice on business performance of manufacturing SMEs in Japan. Successful business performance of SMEs largely depends on the quality of human resource that support companies (Gamage, 2014).

Lee *et al.*, examines the relationship between top management factors, franchisor market orientation, competitive strategy, and business performance within the context of Korean franchisor companies due to last few decades, franchising has become a part of everyday life in developed countries. The trigger of franchising comes from entrepreneurs and multi-national companies alike have again looked toward business expansion in developing countries. As a result, many companies in a variety of industries have adopted franchising as a key business strategy since markets have become highly competitive and constantly changing. This study contributes important implication in franchise business

which show strong relations of market orientation plays on business performance (Lee *et al.*, 2015).

Competitive business environment in Australia gives positive impact for process innovation and the other hand, weaken the effect of product innovation on business performance. Prajogo put this phenomenon in his economics journal by examines the role of business environment (in terms of dynamism and competitiveness) which affect the effectiveness of innovation strategies (in terms of product and process) in delivering business performance. In this study shows the impact of product and process innovation are effective source to business performance and give stronger effect in more dynamic environments than in less dynamic environments (Prajogo, 2016, pp. 245–247).

There are numerous studies concentrated in well-established food certification, but the expanding Muslim population increase demand for Halal food. Halal food market bring concerns to Ab Talib, Ai Chin and Fischer to linking Halal Food Certification (HFC) on business performance in their British Food Journal. Undoubtedly, many food companies such as McDonald's and Nestle have extensively implemented and introduced Halal Food Certification (HFC) into their operations and productions on a global scale. For this research, the business performance comprises of operational and financial performance. Evidence of this study show positive relationship implementation of Halal Food Certification (HFC) with Operational and Financial Performance of companies (Ab Talib, Ai Chin and Fischer, 2017).

Cai and Szeidl in their business study bring topic business networking effects on business performance. Realize companies do not operate in a vacuum environment: business networking, which provides information, training, referrals, intermediate inputs,

and other services, are potentially central to business performance. The study authors examine business networking for the owner-managers of small and medium enterprises (SMEs) in China. This study found significant, robust, large and persistent effects of the meetings on sales, profits, factors, inputs, innovation, and management of business networking on business performance in two mechanisms, learning and partnering (Cai and Szeidl, 2018).

Capability of managing business performance and keep it sustain need system and technology. In the last part of business performance, technology development and adoption are always a challenging task for many companies especially for small and medium enterprises (SMEs) due to lack of resources and other market issues. Technology development challenges adversely affect the sustainable business performance of companies. Haseeb et al., bring this study to identify the role of Industry 4.0 to promote sustainable business performance in companies in Thailand into their journal social sciences. This study finding elements of Industry 4.0 such as big data, Internet of things and smart factory have a positive role in contributing to sustainable business performance (Haseeb *et al.*, 2019, pp. 1–3).

By consideration similarity demography, business types and environment China and Vietnam, this research will use previous study Li, Zhang and Chan (2005) as reference to measure business performance scale comprises with three items: sales, profit, and market share.

### 2.1.5. Entrepreneurial Characteristics

Entrepreneurship contains strong connotations of a process that pertains to dynamism and change in markets. Entrepreneurship is not new and has been studied, discussed, and defined for decades. Start in 1755 pioneered by an Irish French economist Richard Cantillon. According to Richard Cantillon entrepreneur is someone buying goods and resources at current market price to be sold in the market at uncertain price (Thornton, 2020). Adam Smith (1776) defined entrepreneurship as human activities that lead to changes the pattern of the prevailing division of labor (Michael, 2007, pp. 287–289).

Entrepreneurship is critical importance to the modern economy, continue discuss by many people such Schumpeter that define entrepreneurship as a process of change through introduction of a new product, process, market and a new source of raw material (Schumpeter, 1934). In this way, entrepreneurs are the economy makers by given significant impact to world economic growth and market and trade till now. In United State of America with the highest Gross Domestic Product (GDP) in the world with \$20.9 Trillion GDP in 2021 recognized big contribution from entrepreneurship to GDP achievement number with at least 3 components of entrepreneurship: 1. Large firms, 2. Start Up companies have been blossoming and 3. Smaller firms have been founded (Kuratko, 2004, p. 5).

Peter F Drucker, father of modern management, stresses more in the essence of entrepreneurship is the process of creating value for the customer, and shifts the focus from innovation to capturing opportunities that from closeness to the customer (Drucker, 2014).

Rockefeller, Ford and Alkaringi are the entrepreneurial models in the first half of twentieth century and at the end of twentieth century the entrepreneurs of digital age are Bill Gates (Microsoft), Berne & Larry (Google), Mark Zuckerberg (Facebook) and Elon Musk (Tesla). In every historical era there have been entrepreneurs who have started their own entrepreneurship projects with great characteristics to succeed in the business. Some refer to their different DNA (Watson, 2010) while other refer to 'different breed' (Isenberg, 2008).

Entrepreneurial Characteristic semantically consists of two words, Entrepreneurial and Characteristic. Entrepreneurial is an adjective word describes a characteristic of taking financial risk in the hope of profit, which may include other values than simply economic ones. A person who undertakes the risk of starting a new business is called an entrepreneur. The process of setting up a business is known as entrepreneurship. Entrepreneurial and entrepreneurship are under business category (Hayes, 2022). Characteristic, based on Oxford dictionary, means a typical feature or quality that something/somebody has.

Most scholars believe there is a strong relation between characteristics and education. While in entrepreneurial, entrepreneurial education is defined as teaching and learning activities about entrepreneurship, to develop knowledge, skills, attitudes, and personal qualities in accordance with the age and development of the student. Some of these variables are loosely coupled elements of the individual, but not necessarily interchangeable (León and Gorgievski, 2008, p. 16). Some studies showed that student's entrepreneurial characteristics increased after participating in entrepreneurial education such as entrepreneurship training and being engaged in business class (Rasheed and Rasheed, 2003; Chen, Weng and Hsu, 2010).



Gartner in his study found out a lot of interpretations about entrepreneurship in the market. He clearly emphasizes the difference, entrepreneurship is the creation of organization, while non-entrepreneurs do not. Behaviorally, entrepreneurship is a set of activities with personality traits and characteristics involved in organization creation. Entrepreneurial characteristics are a number of characters that identify a person to be referred as an entrepreneur (Gartner, 1988). There have been a lot of studies examining the entrepreneurial characteristics, and it is shown entrepreneurial characteristics are many and diverse depends on (NAEC Group, 2009):

- Personal
- Innovation
- Managerial and Organizational

Recognition to entrepreneurship as engine to drive the economy of most nations, Bandura in his research associated several personal characteristics that might be expected influenced from a formal education program (Bandura, 1986) which these includes:

1. Values and attitudes

Must be attached to entrepreneur health in the process of entrepreneurship.

2. Personal goals

Main organizing principle wherein meaning is achieved. This can be measured subjectively by asking the person about their goals.

3. Creativity

Substantial entrepreneurship education achievement may gain in class but not effective fostering people creativity. Competition can create creative characteristics.

4. Risk-taking propensity

A conditional risk estimated would require indication of risk given by current behavioral practice.

5. Locus of control

Degree of individual feeling that they have control over their behavior which is linked to self-efficacy.

Sexton and Upton use psychological traits as predisposition to initiate gender discrimination study in the business while the growth of female entrepreneurship has been increased significantly. This study has shown several characteristics need to have by an entrepreneur and both male and female entrepreneurs possess similar characteristics such as below (Sexton and Bowman-Upton, 1990, p. 33):

1. Conformity

A low scorer normally refuses to go along with the crowd, is unaffected and unswayed by others' opinions, and is independent in thought and action.

2. Energy Level

A high scorer is active and spirited, possesses reserve of strength, does not tire easily.

3. Interpersonal affect

A lower scorer is emotionally aloof, prefers impersonal to personal relationships, displays little compassion for other people's problems.

4. Risk taking

A high scorer enjoys gambling and taking chances, willingly exposes self to situations with uncertain outcomes, enjoys adventures, and is unconcerned with danger.

5. Social adroitness

A high scorer is skillful at persuading others to achieve a particular goal.

6. Autonomy

A high scorer tries to break away and may be rebellious when faced with restraints, confinement, or restrictions; enjoys being unattached, free, and not tied with people, places, or obligations.

7. Change

A high scorer likes new and different experiences, dislikes and avoids routine, may readily change opinions or values in different circumstances.

8. Harm avoidance

A low scorer enjoys exciting activities especially when danger is involved, risks bodily harm, and is not concerned with personal safety.

9. Succorance

A low scorer does not need the support nor frequently seeks the sympathy, protection, love, advice, or reassurance of other people.

Kotey and Meredith examine market competition strives small medium enterprises (SMEs) to improve human competency in gaining competitive advantages. The study authors, classify entrepreneur personal characteristics will influence strategy of human resource management towards to business performance into (Kotey and Meredith, 1997):

1. Proactive minded

High performance in the hard and dynamics business competition.

2. Administrative minded

High performance in mature state of the business competition.

Pistrui *et al.*, study the significance growth of economic in Wuhan, China that impacted by entrepreneurs due to small-and medium-size enterprises (SMEs) continue to be at the forefront of economic development in China (Pistrui *et al.*, 2001, pp. 141–145). The authors explore three dimensions shaping entrepreneurial characteristics and orientations:

1. The psychographic motives and demographic attributes of the entrepreneur.
2. Type of business being started, as well as their ownership structure and method of establishment.
3. Family and enterprises relationships related to employment, investment, and advice.

There are sixteen reasons and motives of entrepreneurial characteristics in Wuhan:

1. Desire to have high earnings
2. Desire to have fun
3. Desire to achieve a personal sense of accomplishment
4. Desire to make a direct contribution to the success of a company
5. Desire to give myself, my husband/wife, and children security
6. Desire to be my own boss, to work for myself
7. Desire to make better use of my training and skills
8. Desire to keep learning
9. Desire to have greater flexibility in my personal and family life

10. It was a time in my life when it made sense
11. Desire to achieve something and get recognition for it
12. Desire to be challenged by the start up and growth of a business
13. Desire to become part of entrepreneurs network
14. Desire to have freedom to adopt my own approach to work
15. Need more money to survive
16. Desire to take advantage of any an opportunity that appeared

Gürol and Atsan made a study about entrepreneurship profile of university students in Türkiye to understand requirement of create entrepreneurs through education programs. Authors divided Students into 2 profiles: potential entrepreneur and non-potential entrepreneur and use 6 entrepreneurial characteristics to develop for raise good entrepreneurs such as (Gürol and Atsan, 2006):

1. Innovativeness

Suggested as a behavior that characterizes entrepreneurship and entrepreneurial orientation.

2. Need for achievement.

This is the impetus that forces the person to struggle for success and perfection.

3. Locus of control

It is a personality variable that is related to the generalized expectation of a person on whether he/she will be able to control the events in life.

4. Risk taking propensity.

This one refers to the propensity of an individual to exhibit risk taking or risk avoidance when confronted with risky situations.

5. Tolerance for ambiguity

The ability to respond positively to ambiguous situations.

6. Self confidence

As an outcome of seeking out and completing demanding tasks successfully.

Liang and Dunn studied selected entrepreneurial characteristics and their relationship to optimism, realism, and pessimism (Liang and Dunn, 2010). Authors chose four entrepreneurial characteristics such as:

1. Independence

2. Control

3. Creativity

4. Risk acceptance

This study shows that those entrepreneurial characteristics are positively related to optimism and realism and negatively related to pessimism.

Bygrave and Zacharakis observed the phenomenon entrepreneurship in mid-1990s, small businesses have created 60 to 80 percent of new jobs. Entrepreneurs become the engine of job creation and a powerful force for innovation. Instead of use everyday words to describe entrepreneurial characteristics, Authors point out the most important characteristics successful entrepreneurs such as (Bygrave and Zacharakis, 2015, p. 7):

1. Dream

Entrepreneurs have a vision of that the future could be like for them and more importantly, they could implement their dream.

2. Decisiveness

They do not procrastinate. They make decisions swiftly. Their swiftness is their success.

3. Doers

Once they decide on a course of action, they implement it as quickly as possible.

4. Determination

They implement their ventures with total commitment. They seldom give up, even when confronted by obstacles that seem insurmountable.

5. Dedication

They are totally dedicated to their business, sometimes at considerable cost to their relationship with friends and families. They work tirelessly. Twelve-hour days, seven-day work weeks are common when an entrepreneur is striving to get a business off the ground.

6. Devotion

Entrepreneurs love what they do. It is that love that sustains them when the going gets tough. And it is love of their product or service that makes them so effective at selling it.

7. Details

It is said that the devil resides in the details. That is never more true than in starting and growing a business. The entrepreneur must be on top of critical details.

8. Destiny

They want to be in-charge of their own destiny rather than dependent on an employee.

9. Dollars

Getting rich is not the prime motivation of entrepreneurs. Money is more a measure of success. They assume that if they are successful, they will be rewarded.

#### 10. Distribute

Entrepreneurs distribute the ownership of their business with key employees who are critical to the success of the business.

Abood, Aboyasin and Ajloni examines entrepreneurial attributes affect business in Jordanian to full gaps literature on practice of Arabian entrepreneurs. The authors indicate that 3 entrepreneurial characteristics (Abood, Aboyasin and Ajloni, 2014, p. 4):

##### 1. Personal

Entrepreneur has sense of power, independence, personal passion for project, Optimism and self-confidence, courage, responsibility, high motivation of self-accomplishment.

##### 2. Entrepreneurial

Entrepreneurs has drivers of future vision, risk-taking, out of box thinking, ability to seize opportunity, flexible thinking.

##### 3. Managerial and Organizational

Management expertise, routine aversion, sense of power and control, ability to exploit available resources, efficient self-management, social competence, ability to build relationship with others.

These three entrepreneurial characteristics have a statistically significant impact on profitability performance, ability to meet obligation, ability to expand, reputation, and relationships with stakeholders.



This research will be conducted based on three entrepreneurial characteristics from Abood, Aboyasin and Ajloni study: personal, entrepreneurial, managerial, and organizational to measure relationship between entrepreneurial characteristics and business performance.

### **2.1.6. Entrepreneurial Competencies**

Nowadays, entrepreneurial competencies determine the competitiveness of a business organization as nobody argues that entrepreneurial competencies will contribute to business performance. The development of entrepreneurial competencies in companies and society is a basic education to improve the competitiveness of company and country. The development of entrepreneurial competencies through education, creation of new activities, promote the development of the business become a part of the economic process of the country. Even though competencies have many faces and applications, it is possible to train and develop entrepreneurial competencies with various approaches and concepts. Research and practices related to competencies is typically driven by aspiration to achieve superior performance of company process.

Boyatzis seen competencies as a set of characteristics that a person brings to a job situation, which can result in effective and/or superior performance in such job (Boyatzis, 1991). These characteristics includes:

1. Motive and traits

Ability to re-current concern for a goal state, appearing in mind

2. Social role and self-concept

Setting up expectation of business plan and creating an image according to perception from others with whom they worked.

3. Knowledge and skill

An understanding of the system which they are operating for orchestrating the work of team.

While Barbara Bird described entrepreneurial competencies as a relationship building and restoration which are important to effectively handle the relationship with partners and employees, dissolving cognitive conflicts within organization and avoid emotional conflicts (Bird, 1995). Hence, entrepreneurs should possess competencies such as:

1. Basic business knowledge
2. Personal traits
3. Self-image
4. Social responsibility
5. Create job opportunity
6. Grow and sustain the business

Wasilczuk examines competition phenomenon in Poland after economic transformation 1990, many companies face a more inconvenient situation: the competition between Polish companies and well-established foreign companies entering the polish market is increasing. However, in this difficult situation some Polish companies do manage their business expansion. Authors define 2 personal competencies of company owners influence the growth of company in Poland (Wasilczuk, 2000):

1. Personal competencies

Combination of educational background, business experience, personal characters, and motivation of entrepreneurs.

## 2. Operational competencies

Leadership activities of entrepreneurs to manage the business.

The author stressed the necessity of background education and working experience contribution to company performance: profitability, productivity, and growth.

Man addresses his study about relationship between entrepreneurial characteristics and the performance of Hongkong small-and-medium enterprises (SMEs) under context of services sector. SMEs competitiveness relating to entrepreneurial characteristics and competencies to the long-term performance of companies. He identified six areas of entrepreneurial competencies to succeed in business such as (Man, 2001):

### 1. Opportunity

The ability of individuals to identify and evaluate current business situations and make them successful.

### 2. Relationship

The knowledge, skills and practices used to effectively engage business stakeholders.

### 3. Conceptual

Ability to work with ideas, take it become a vision of the company orientation and transfer them into practical principles.

### 4. Organizing

Skills and abilities set that allow an organization to be successful in achieving its goals.

5. Strategic

The skill or knowledge that produces a competitive advantage.

6. Commitment

It is the attitude of sincere and dedicated focus on purpose

Schmitt-Rodermund recognized entrepreneurs can be identified in all sorts of professions and are active in many ways. Nevertheless, they have some competencies in common that have been shown consistently throughout a wide range of studies. Author use result some business studies to determines attributes of entrepreneurial competencies such as:

1. Achievement orientation
2. Risk-taking propensity
3. Internal locus of control
4. Innovativeness and creativity

All these competencies according to author may lie in the context within which an individual develops which parental behavior will provide support and rules while simultaneously granting autonomy of entrepreneurship (Schmitt-Rodermund, 2004).

According to Griffin and Ebert, entrepreneur must develop some competencies to succeed in business such as (Griffin and Ebert, 2004, p. 226):

1. Expertise

Skill to do operation and business.

2. Social and Communication skills

Ability to understand, communicate, and make relations with others within the company.

3. Analysis ability

Personal ability to formulize, analyze different business situation, and foresee external situation to manage the business.

4. Decision making ability

Ability to understand the problem and can prepare some solutions to resolve the problems.

5. Time management

Skill to manage schedule and time productively.

6. Technology application

Understanding IT requirements to enhance business process and strategy.

Schmiedinger, Valentin and Stephan examines successful companies in Austria with method competence-based business development (CbBD) related to creation of new business fields, products, and services (Schmiedinger, Valentin and Stephan, 2005). This model is providing the basis model of competencies level required to be successful in business process in Austria.

1. Elementary Level (Human Perspective)

This level describes the individual human competence and its constitution. Human competence can be seen as the combination of the capacity and the willingness to act. As the basic element in the competence pyramid personal expertise can be described as a combination of explicit and implicit knowledge, skills, and abilities.

2. Passive Level (Organizational Perspective)

Passive levels are existing potentials in an organization which are not actually use for value creation or support of it. Passive level describes the possible competencies

provided by employees and existing physical resources. Organizational competencies are the combination of materials, tools, and employees.

### 3. Active Level (Organizational Perspective)

The value of creation is to use active competencies level to support it. The usage is influenced by factors collected in organizational capacity to act. Dynamic organizational capacity depends on the passive competence on the way to action.

### 4. Learn and Adaptation Loop

All competencies must be continuously evaluated, and the demand for new knowledge and resources must be defined. The competencies loop will create feedback for any necessary new knowledge of organizational learning. As one consequence passive competencies could be activated.

Bergevoet and Woerkum examine the reality of globalization to dairy farmers within the EU countries are forcing dairy farmers to be more entrepreneurial than years before. Through a step-by-step and continuous improvement, dairy farms have a high business growth with higher investments and a different set of competencies to run the farm business such as:

#### 1. Opportunity competencies

Related to Identifying and selecting the right opportunities for new business rate amongst the most important abilities of a successful entrepreneur.

#### 2. Strategic competencies

Related to setting, evaluating, and implementing the strategies of the enterprises.

#### 3. Conceptual and Organizing competencies

Conceptual competencies related to different conceptual abilities that are reflected in the behaviors of the entrepreneurs e.g., decision skills or absorbing and understanding complex information while Organizing competencies are competencies related to the organization of different internal and external human, physical, financial, technology resources, including team building, managing employees, training, and controlling.

#### 4. Relationship competencies

Related to person to person-based interactions or individual to group-based interactions using contracts and connections, persuasive ability, and communication and interpersonal skills.

These entrepreneurial competencies are proven to contribute to dairy-farm entrepreneur and dairy-farm company performance at bottom-line result. In other words, to what extent of entrepreneur competencies and company accomplishments will match to the initial goals of company (Bergevoet and Woerkum, 2006, pp. 55–57).

Eikebrokk and Olsen do empirical investigation of competencies factor affecting e-business success in European IT small and medium size enterprises (SMEs) since their survival and growth has been a prominent issue in Europe. Such of competencies are viewed as important not only for understanding the implication of e-business but also for developing the capabilities needed to perform well (Eikebrokk and Olsen, 2007, pp. 364–367).

##### 1. Strategy and Vision

Create the concept of e-business as a core goal of a company by giving vision and strategic planning to inspire others to achieved and share the goal.

2. IT-business process integration

IT- Business Process Integration (BPI) allows companies to connect their people, data, and application for better coordination internally and externally.

3. IT management

Monitoring and administration system of IT structure of company such as hardware, software, and networks.

4. Systems and Infrastructure

Integration components that support the development, operation, and management of IT service of company.

5. Relationship competencies

The foundation and the prerequisite for all the other IT competencies of the company.

Rasmussen, Mosey and Wright identified three competencies that appeared crucial

for entrepreneurs to grow the company and gain credibility in business:

1. Opportunity refinement

The evolution of competence development, as the individuals started with limited skills but then added what was missing to enable the opportunity to be refined.

2. Leveraging

Ability to acquire and combine resources to sustain the new venture creation process.

3. Championing

Personal commitment or the leadership role needed to sustain the venture start-up process.



Authors seen these three entrepreneurial competencies are developed dynamically to support and credible towards industry partners, customers, and potential investors to sustain the company growth (Rasmussen, Mosey and Wright, 2011).

Camuffo, Gerli and Gubitta explore in their study the link between personal characteristics and competencies of entrepreneurs and the performance of the small firm's performance in Northeast Italy. Authors used three instruments to assess competencies portfolio of the entrepreneurs: self-assessment of functional competencies, self-assessment of a set of emotional competencies and a third-party evaluation use Behavioral Event Interviewing (BEI) techniques (Camuffo, Gerli and Gubitta, 2012). All combination evaluated to identify the distinctive competencies significant to business performance such as:

1. Planning

Ability to establish and prioritize tasks and objectives to manage time and resources appropriately.

2. Empathy

The awareness of the needs of business requirements.

3. Business Bargaining

Negotiation ability for building trust while doing business.

4. Organizational awareness

Ability to manage a group's emotions, power of relationship, and dynamics within the organization.

5. Directing others

Ability to direct, delegate, or develop, and do the work effectively.

## 6. Benchmarking

Ability to determine who is the best in class at something, copy and implement it in business place.

Botha and Taljaard were exploring the Entrepreneurial Intention and Entrepreneurial Competencies model for nascent entrepreneurs in South Africa. Authors define entrepreneurial competencies related to entrepreneurial intention into two competencies (Botha and Taljaard, 2021):

### 1. Cognitive and Functional Competencies

Skills and abilities are relevant to daily business dynamics and carry them out effectively to be a role model.

### 2. Social/ personal Competencies

Abilities to encompass what entrepreneurs need to thrive as entrepreneurs to understand and care about themselves and others and to find and achieve their purpose in business.

Another business research will be conducted based on Smith and Shankar (2015) entrepreneurial competencies to measure relationship between entrepreneurial competencies and business performance (Almeida and Buzady, 2019):

### 1. Achievement

An achievement is any previous success of which we are proud. This is needing ability to define goals on different achievements levels.

### 2. Personal Power

The ability to influence people and events. This comes from individual characteristics than formal authority. Personal power is the power of well-organized to take more serious work that can inspire and motivate others.

### 3. Planning and relationship building

This could be people inside or outside the organization, stakeholders, clients, colleagues, or others. The ability to plan and build formal and informal professional relationships ensures an entrepreneur is investing in relationships to best achieve business result.

#### **2.1.7. Business Strategy**

Strategy is a term that can traced back to the ancient Greeks, for whom it meant a chief magistrate or a military commander in chief. The use of this term in business, starts only in the twentieth century, and its use in a self-consciously competitive context.

Business strategy is a unique concern of the business with selection goals and objectives. For business research purposes, a business strategy is a set of objectives, policies, and plans that are taken together by enterprise to survival and success. Therefore, business strategy is one of the initial and major decisions that need to be taken before the business process starts. It is commonly agreed business performance must be reflected in business strategy in the purpose to bring competitiveness in the market (Pearce, Robinson and Subramanian, 2000). Some research has been done regarding alignment business strategy and performance measurement can enhance company performance.

According Ansoff research and survey of the 100 largest United States corporations from 1909 to 1948, there are four basic growth alternatives to a business (Ansoff, 1957, pp. 113–114). The company can grow through strategy of:

1. Market Penetration

Increase company sales without moving from an original product-market strategy.

The company seeks to improve business performance either by increasing the volume of sales to its present customers or by finding new customers for present products.

2. Market Development

The company attempts to adapt its present product line (with some modification in the product characteristics) to a new mission.

3. Product Development

On other hand, retains the present mission and develops products that have new and distinctive characteristics such as will improve the performance of mission.

4. Diversification

The final alternative for a simultaneous departure from the present product line and the present market structure.

Miles *et al.*, in organizational adaptation topic, find out for most organizations, the adaptation process is difficult, complex, and dynamic. But the complexity of the adaptation process can be managed by searching patterns of company behavior. The pattern considers the interrelationships among strategy, structure, and process as one concept of adaptive cycle to solving entrepreneurial, engineering, and administrative problems. Authors show

that there are three strategic types of organization which each of type has its own unique strategy for relating to its chosen market (Miles *et al.*, 1978):

1. Defenders

Deliberately enacts and maintains an environment for which a stable form of organization is appropriate. Stability is chiefly achieved by the defender's definition of, and solution to, its entrepreneurial problem.

2. Prospectors

It is the opposite of the defender strategy. The prospector establishes an environment that is more dynamic than those of other types of organizations within the same industry. The prospector strategy is finding and exploiting new products and market opportunity.

3. Analyzers

As the defender and the prospector seem to reside at opposite ends of a continuous of strategy adjustment. Between these two extremes, a third type of strategy is analyzer as a combination of defender and prospector. Analyzer attempts to minimize risk while maximizing the opportunity for profit.

Schoeffler in the study of the 1000-plus businesses in the Profit Impact of Market Strategy (PIMS) data banks clearly establishes nine basic findings on business strategy. One of the findings, there are nine major strategic influences on profitability and net cash flow that constitute of the business success or failure such as (Schoeffler, 1980):

1. Investment Intensity

Investment intensity produces a negative on percentage measures of profitability or net cash flow.

2. Productivity

Businesses producing high value added per employee are more profitable than those with low value added per employee.

3. Market Position

A business's share has a positive impact on its profit and net cash flow.

4. Growth of the served market

Growth is favorable to amount of profit measurement.

5. Quality of the products and/or services offered

Define as the customers' evaluation of the business package as compared to that of competitors, has a favorable impact on financial performance.

6. Innovation/ Differentiation

Extensive actions taken by a business in the areas of new product introduction, R&D, marketing, etc., produce a positive effect on its business performance.

7. Vertical Integration

For businesses located in mature and stable markets, vertical integration impacts favorably on business performance.

8. Cost push

The rates of increase wages, sales spending on raw material prices, have complex impacts on profit and cash flow, depending how the business is positioned to pass along the increase to its customers, and/or to absorb the higher cost internally.

9. Current strategic effort

The current direction of change of any of the above factors has effects on profit and cash flow, which are frequently opposite to that of the factor itself.

Lecraw studied the phenomenon in 1980s about diversification strategy and performance of company based on motivation and consequences of diversification. His research was design to expand and extend the work of Caves *et al.*, based on this study, the companies in the sample were placed into four strategic groups based on the type and extent of their business diversification (Lecraw, 1984):

1. Single Business (SB)

This strategy only exists when a company derives more than ninety-five percent of its revenue from a single business activity.

2. Vertical Integrated Business (VIB)

This strategy requires a company's direct ownership of suppliers, distributors, or retail locations to obtain greater control of its supply chain.

3. Related Business (RB)

A strategy that refers to all decisions and action moves into a new industry that has important similarities with the company's existing business.

4. Unrelated Business (UB)

A strategy that refers to all decisions and action moves into a new industry that has no similarities with the company's existing business.

Realizing strategy is an essential part of effective business plan, with an effective competitive strategy, a company can grow the business sustainably. Porter asserts there are three basic business strategy of growing company (Porter, 1997):

1. Cost Leadership

Strategy of most or all segments of market/industry based on offering lowest price.

## 2. Differentiation

Strategy based on factors other than price such as product quality to demand higher prices for product/service.

## 3. Focus

One or few segments of market/industry is targeted focused on cost or differentiation. There are two variables in Focus strategy.

John Elkington coined in 1994 Triple Bottom Line (3BL) strategy for company can grow well yet harm the environment and society. Recently this strategy has occupied such a high position among company priorities as part of the company's sustainable growth in modern business. Many companies use Triple Bottom Line (3BL) strategy for captures the essence of sustainability to grow the company by balance among the three dimensions (Elkington, 1997):

### 1. Economics

Company must focus as much on social and environmental concerns as they do on profits.

### 2. Ecology

The smaller impact company business has on the environment and the fewer natural resources we consume, the longer and more successful our business will be.

### 3. Ethics

It is about decision making, and making decisions that are aligned with our values as a fundamental part of business strategy. It is the umbrella, which determines how companies make every decision.



Kim and Mauborgne observed challenge of many companies face in decades of downsizing and increasingly intense competition, lower profitable growth (Kim and Mauborgne, 1997). The companies who overcome those situations focus on creating value innovation. They sought to make their competitors irrelevant through strategic logic with five dimensions strategy:

1. Industry assumptions

use dynamic assumption which is industry's conditions can be shaped.

2. Strategic focus

Competition is not benchmarking anymore. A company should pursue quantum leaps in value to dominate the market.

3. Customers

The value of innovator targets the mass of buyers and willingly lets some existing customers go. It focuses on the key commodities in what customers values.

4. Assets and capabilities

A company should not be constrained by what it already has. It must ask, what we would do if we were starting a new?

5. Product and service offering

The value of innovator thinks in terms of the total solution customers seek, even if that takes the company beyond its industry's traditional offerings.

Li, Zhang and Chan in their study examine the contingency value of entrepreneurial strategy making of company technology in China's emerging economy. They use three dimensions of previous study from Covin and Slevin to measure effectiveness of company strategy on business performance (Li, Zhang and Chan, 2005):

1. Innovativeness

A guidance on how resources are to be used to meet a business's objectives for innovation, deliver value and build competitive advantage.

2. Risk-taking propensity

Preference to take risky decisions reflects a person's willingness or unwillingness to face uncertainty and its potential negative consequence.

3. Proactiveness

Approach to prevent or avoid problem behavior or dysregulation from occurring.

Kim and Mauborgne recommend a blue oceans strategy to overcome increment of competition which prospect profit and growth will shrink (Kim and Mauborgne, 2014). Stop competing in over-crowded industry by creating uncontested market space where the competition is irrelevant. In blue oceans strategy, company will do:

1. Invention

A cornerstone strategy that represents the simultaneous pursuit of high product differentiation and low cost, making the competition irrelevant.

2. Capture New Demand

A strategy taken with simultaneous pursuit of product differentiation and low cost to open a new market space and create new demand.

3. Leap innovation value

A strategy can adapt to shift innovation actively across products, processes, and business models to stay relevant and ensure sustainability.

4. Cost streamline

A strategy to pursue differentiation and low cost simultaneously. Blue ocean strategists seek to break not make the value-cost trade-off through value of innovation.

Kumar uses value chain strategy to examine company position in the market as consumers will look for attributes or benefits in the products rather than price alone (Kumar and Rajeev, 2016). Use value chain optimization strategy to reallocate, redistribute risk and provide necessary services. There are three elements to differentiate our goods or services from competitors, improved quality according to the demand of customers and it will increase the efficiency of the overall activities of the companies such as:

1. Improve quality

The process through which company assesses, monitors, and proactively manages the quality of products and processes in the supply chain.

2. Developed differentiate products

A process to distinguish a product or service from other similar ones available in the market.

3. Increase systems efficiency

Focus improvement on the internal process within the supply chain.

Bowman created a strategy clock that can be used to analyze the company's competitive positions in comparison to offerings of competitors according to below (Arshad and Yazdanifard, 2017):

1. Low price and low value added

This is a bargain basement strategy as the only way to remain competitive is to be as "cheap chips" and hope that no-one else can undercut you.

## 2. Low Price

A price strategy that enables companies, brands, and retailers to offer their customers consistently low-priced products.

## 3. Hybrid

A combination of two or more pricing models for your online business.

## 4. Differentiation

A pricing strategy with different sets prices for the same product based on offering customer type, time of purchase, etc.

## 5. Focused differentiation

The company's strategy is targeting a small group of customers with differentiated products.

## 6. Risky high margins

Companies set business with high prices without offering much value in return. Many argue that, sooner or later, it is doomed to fail.

## 7. Monopoly pricing

The goal of this strategy is to maximize the profits. The market price is determined by demand for goods or services.

## 8. Loss of market share

If a company starts to lose its share to competitors, there are several strategies that companies often use to fight back: lower price, greater marketing efforts, and innovation.

This research will be conducted based on Ansoff (1957) business strategy: market penetration, market development, product development, and diversification (Ansoff, 1957, pp. 113–114).

### **2.1.8. Enterprises**

Terminology of enterprises raised first time by Ronald Coase about organization required for coordination of the flow of goods and services through price mechanism (Chandler, 1992, pp. 79–80). There are four attributes of the enterprises have since then such as:

1. A legal entity
2. An administrative entity
3. A pool of physical facilities, learned skills, and liquid capital.
4. For profit

In this dissertation, we mostly use company terminology instead of enterprises, but both have the same meaning.

In Vietnam, company based on the number of people can be distinguish in two group of company (OECD, 2021):

1. Small Medium enterprises (SMEs)

Company with capital investment of less than 100 million VND and total employees of less than 250.

2. Large Company

Company with capital investment and number of employees higher than SMEs.

## **2.2. Empirical Studies**

### **2.2.1 Entrepreneurial Characteristics and Business Performance**

This dissertation tries to develop a structural model of the variable relationships on business performance. In this section, gather all studies exploring the entrepreneurial characteristics and business performance that leads to mechanism by which different entrepreneurial characteristics influence business performance.

Ainin *et al.*, study the determinants of the business performance of Small Medium Enterprises (SMEs) professional service businesses based in Malaysia specifically relationship between business and entrepreneurial characteristics with business performance. This study explores factors associated with entrepreneurial characteristics including gender, age, ethnicity, education, and working experience. While the business characteristics examined were based on year of establishment, start-up capital, number of employees, business's origin, and legal status (Ainin *et al.*, 2010, pp. 31–34).

Authors do empirical study the influence of entrepreneurial characteristics on business performance based the pertinent literature and theories presented earlier. A conceptual framework has been developed to propose how business and entrepreneurial characteristics could influence business performance. The links are illustrated in Figure 2.5.

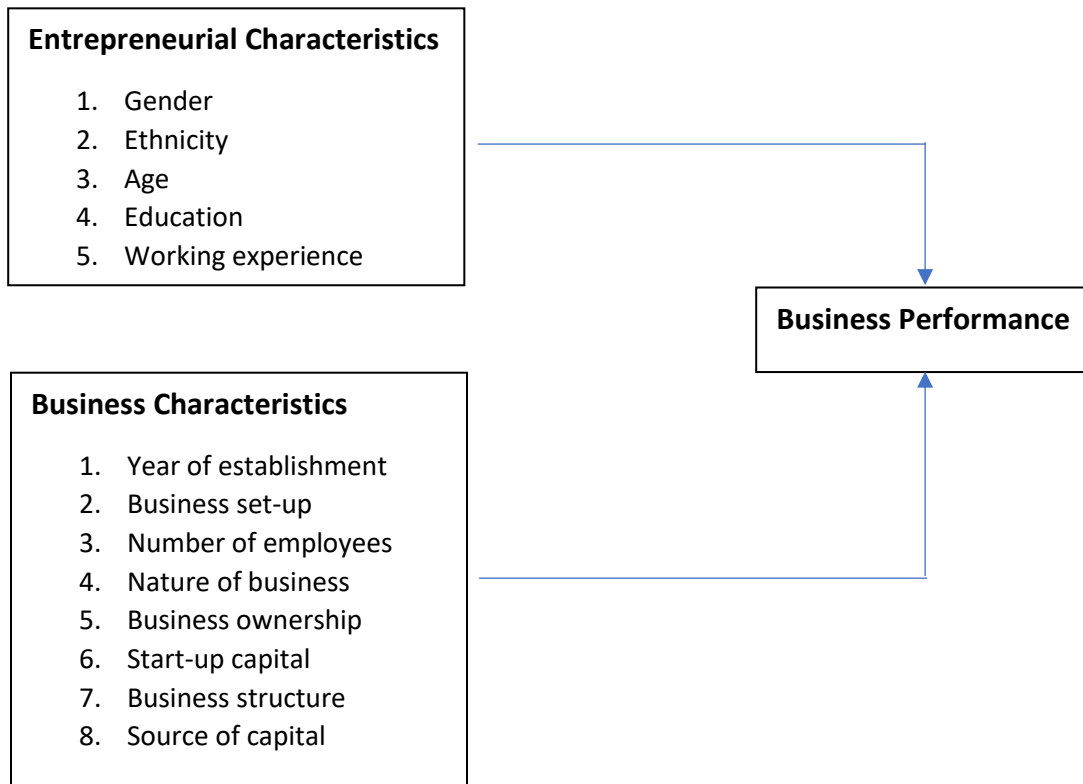


Figure 2.5 Entrepreneurial and Business characteristics on business performance

This conceptual framework suggests there are significant relationships between:

1. The entrepreneur characteristics (gender, age, ethnicity, education, and working experience and business performance
2. The business characteristics (year of establishment, business set-up, number of employees, nature of business, business ownership, start-up capital, business structure, source of capital) and business performance.

This study conclude on the relationship between entrepreneur characteristics and business performance is in gender and age. And the relationship between the business characteristics and business performance is in the year of establishment, size of employees, start-up capital and source of capital.

Although the terms “skill” and “character” are quite a significant difference but Astuti, Supanto and Supriadi use the terms “skill” and “character” interchangeably or in the same breath in their study. Authors investigate the relationship and influence of entrepreneurial skill on business performance of small and medium enterprises (SMEs) in Malang city, Indonesia (Astuti, Supanto and Supriadi, 2019). Research starts with hypothesis entrepreneurial skills contribute and impact on business performance with Conceptual Framework at Figure 2.6:

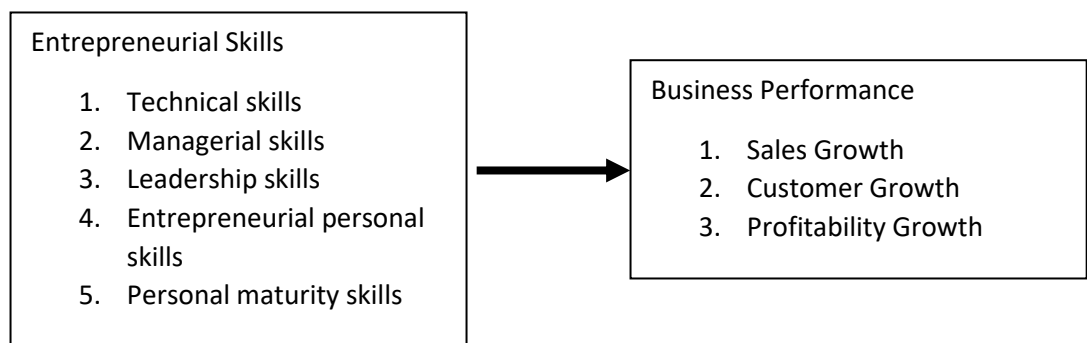
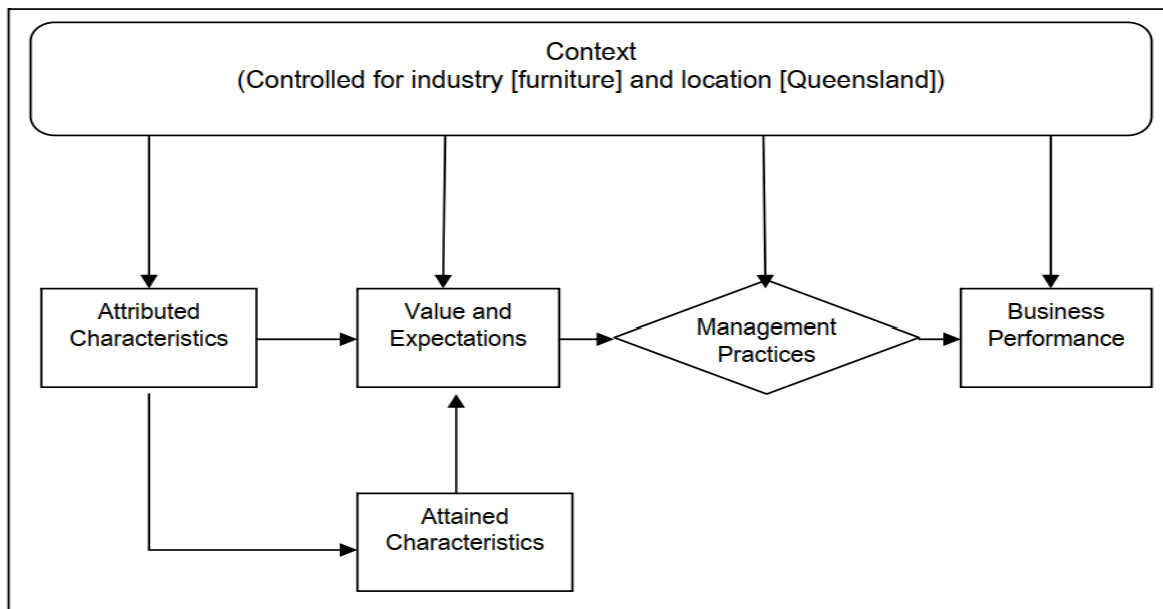


Figure 2.6. Entrepreneurial Skills links to business performance

This study found entrepreneurial skills affect the food and beverage business performance but the relation between the two is weak.

Blackman study interrelationship between entrepreneurial characteristics, values, expectations, management practice and SMEs performance of furniture companies in Queensland, Australia. Author identifies a unique relationship between characteristics, values, expectations of entrepreneurs and management practice (Blackman, 2003). And relationship between management practice and performance of company as shown business conceptual framework at Figure 2.7.





Sumber: Blackman (2003)

Figure 2.7. links attributes of characteristics, values and expectations, management practice, and business performance.

Blackman's study results show negative relationships among variables of the study such as ages, gender, ethnicity, family influence, and education.

De Zoysa and Herath do empirical test the impact of owner/managers' mentality on enterprise performance of SMEs in Japan. Unlike in large companies where functions and authority are shared by a large body of managers, their counterparts in SMES are either owners or manager with high executive powers (De Zoysa and Herath, 2007). Authors are divided into two the role of owner/manager as entrepreneur and administrative as shown in Figure 2.8.

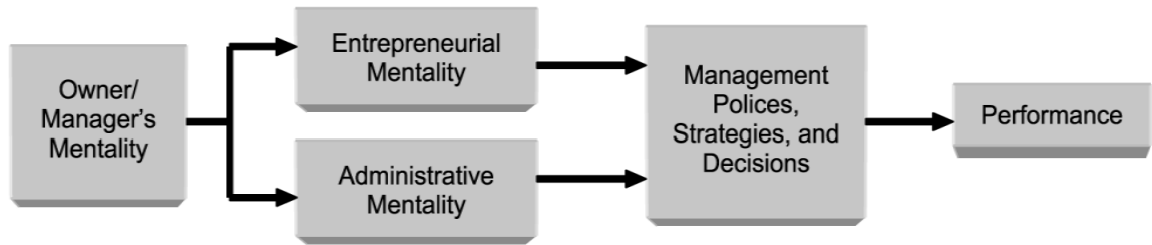


Figure 2.8. Basic relationship between owner's mentality and company performance

According to Figure 2.8, the major activities to the role of entrepreneur consist of:

1. Discovery of new market opportunities and their commercialization
2. Adaption with importance given to future growth and reform objectives
3. Strategic decision making under non-continued environmental changes

In contrast, the role of administration includes:

1. Implementation of plans prepared by entrepreneur/management
2. Adaption with importance given to stability and profitability
3. Day-to-day management under continued environmental changes.

The study shows that owner/managers of SMEs are more entrepreneurial minded in the introductory and decline stages of growth, their performance tends to be higher, and the same true for the growth and maturity stages when they are move administrative minded.

Kaur and Bains examine various entrepreneurial characteristics which are likely to boost chances of business success on a wider scale. Enlisted the characteristics of an entrepreneur and defines them as:

1. Psychological

Consist of three characteristics: need to achieve, risk taking, and locus control

2. Non-psychological

Consist of characteristics of Human capital, Social Capital, and Opportunity recognition.

### 3. Personal

Consist of age, gender, education, experience

Authors have found positive correlation between certain psychology characteristics such as higher achievement need orientation, greater risk-taking orientation and internal locus of control and success in new ventures. At the same time, found that non-psychological characteristics such as human capital, social capital and opportunity recognition play a crucial role in ensuring success of entrepreneurial ventures. Personal factors such as age, gender, education and experience also have the potential to determine whether an entrepreneur will succeed or fail in his/her ventures (Kaur and Bains, 2015).

#### **2.2.2. Entrepreneurial Characteristics and Entrepreneurial Competencies**

The success or the failure of the business will be affected by the skills and competencies of owners while the characteristics of entrepreneurs are attributes or characteristics possessed by an entrepreneur that distinguishes them from a non-entrepreneur. A lot of research focused on these two factors that influence business performance.

Chandler and Hanks research identify variables that should be related to company performance. Authors believe that the entrepreneurial competencies of entrepreneur help the company in seizing opportunities and elevating the level of corporate performance (Chandler and Hanks, 1994).

Aisyah, Musa and Ramli analyzes entrepreneurial characteristics and orientation towards entrepreneurial competencies and business performance of small and medium enterprises (SMEs) in Makassar, Indonesia. Authors found entrepreneur characteristics and entrepreneur competencies give significant negative impact on the business performance of SMEs in Makassar (Aisyah, Musa and Ramli, 2017).

Aruni focusses their study on Sri Lankan tea industry since this industry is playing predominant role in Sri Lankan economic. The environment is becoming more complex to all industries including tea manufacturers and entrepreneurial characteristics and competencies are becoming more important to the business environment. Authors examine the characteristics of owner of tea manufacturers in Sri Lanka with competencies areas as opportunity, organizing, strategic, relationship, commitment, and conceptual competencies, antecedent of entrepreneurial competencies and extent of EO of tea manufacturers as links of conceptual framework show in Figure 2.9 (Wickramaratne, Kiminami and Yagi, 2014, p. 50).

Authors indicated that background characteristics of owner/ managers have direct impact on entrepreneurial competencies and competencies give positive impact to Entrepreneurial orientation and its dimensions.

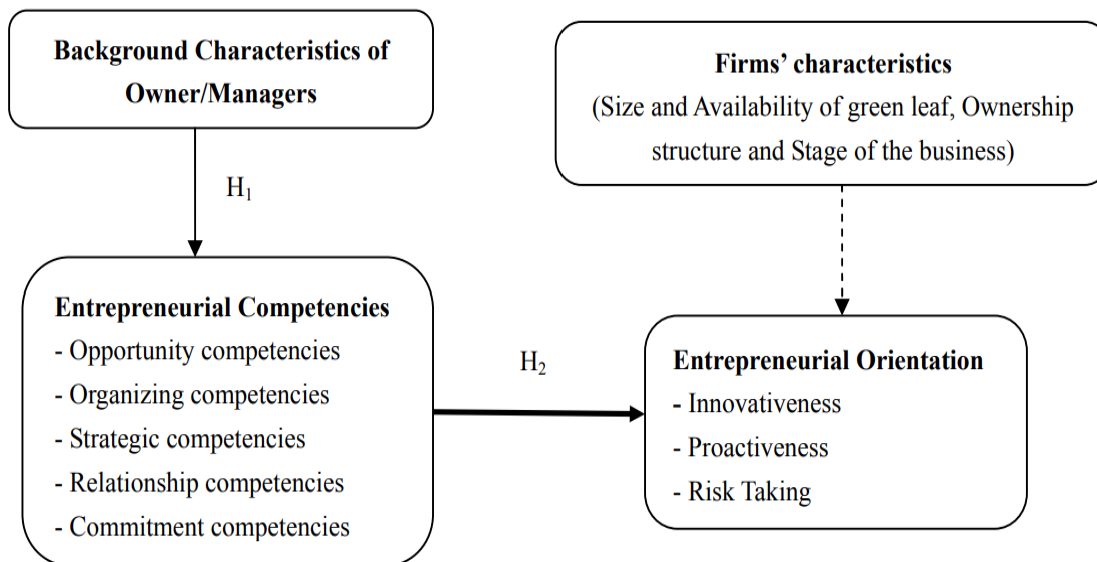


Figure 2.9 Conceptual links of Entrepreneurial characteristics and competencies

Pepple and Enuoh examines the competencies required for entrepreneurial performance, as influenced by personal traits and learner skills which are positively related to business success. Business complexity brings innovation and creativity to become more important for any business growth. These can be achieved through training, learning new skills, attitudes, personal relationships, being initiative, information seeking and the rest to achieve entrepreneurial objectives. Finding of this research shows that engaging in entrepreneurial core competencies, personal characteristics and learner skills are positively related to business success (Pepple and Enuoh, 2020).

### 2.2.3. Entrepreneurial Characteristics and Business Strategy

Quinn provided a useful definition of business strategy as a pattern or a plan that integrates an organization's major goals, policies and actions sequences into a cohesive

whole (Quinn, 1989, p. 5). Many scholars believe in a symbiotic relationship between entrepreneurial characteristics and business strategy. A main reason for this symbiotic relationship exists is that determining company adaptation to environmental circumstances that create uncertainty and opportunity as well.

Hall suggests that formal business planning may be less important for small companies until they grow, the key consideration may be the characteristics of the owner (Hall, 1995). While Smith argues that her evidence shows that planning as defined in the business strategy literature for large organizations can also be effectively applied to new micro company (Smith, 1998, pp. 857–858).

Mintzberg described a genre of business strategy as “The Design School” since he particularly decides a starting point and identifies endpoint to justify the strategy option of the endpoint and the means taken to get there. This is considered as a conventional business strategy which includes an analysis of the industry, together with a review of the key forces determining the direction and profitability in that industry (PEST analysis). Followed by an analysis of industry structure and the determinants of profitability of individual firm use Porter’s five-forces framework, and a SWOT analysis and review. These three tools will be a rationale background for a preferred business strategy choice by business owner as the best way forward of company operation (Mintzberg, 1990).

Ireland proposed “meta-strategies” which may appropriate for managers/owners when the future is unknowable in the sense that entrepreneurs can see their roles as change agents, should be aware of and share in the changes taking place in business environment. Meta-strategies avoid the fallacy of a direct link between actions and outcomes as meta-strategies as a reflection of entrepreneurial characteristics about the development of their

business. Entrepreneur are intended to reflect their acknowledgement to the unknown future and emphasize the entrepreneurs to build a business strategy of their company and an openness about tactics (Ireland, 2007, pp. 7–10).

Boohene, Sheridan and Kotey examine the influence of gender on the performance of small business by exploring the impact of personal values on business owners' choice of strategies, specifically asking to 600 business owner-managers of small retail shops in Ghana, do women and men pursue different business strategies, how do personal values influence their strategies and how their strategies affect the business performance. Boohene, Sheridan and Kotey in Figure 2.10 design a conceptual framework of four variables in their research such:

1. Gender
2. Personal values
3. Business Strategies
4. Company performance

Boohene, Sheridan and Kotey study result confirmed the impact of gender differences on company performance. The study revealed Ghanian women owner-managers are more risk averse than men owner-managers, and this affects their pursuit of specific functional strategies- strategic planning, financial, HRM and operations strategies- in varied ways (Boohene, Sheridan and Kotey, 2008).

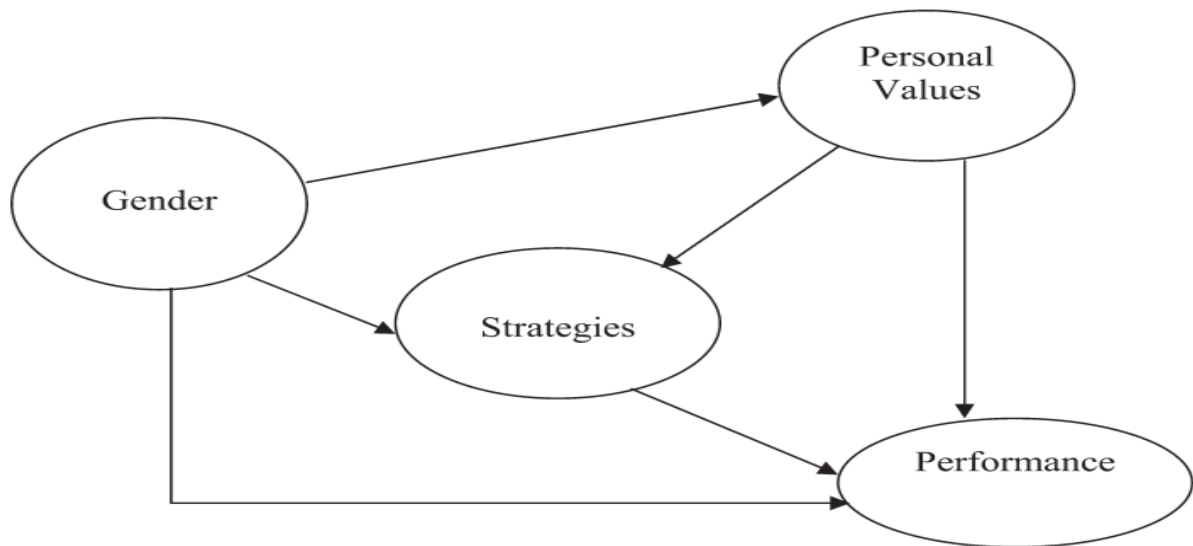


Figure 2.10 relationship between gender, personal values, business strategies and company performance

Tanțău in his business research explores the combination between entrepreneurship and business strategy that benefits company performance. Author in his research shows grow, flexibility and change are dimensions that contribute to company performance and as a part of entrepreneurial characteristics (Tanțău, 2008).

1. Grow: a key element of the entrepreneurial mode

Many scholars and practitioners believe that a large company cannot innovate because of the need for stability. The nature of any large organization is to be hostile to change.

2. Flexibility

Degree to which a business unit is adaptable in administrative relations. A firm exhibiting low flexibility is rigid in administrative relations and strictly adheres to bureaucratic practices.

3. Change



For a company is essential if it can respond quickly to change. Flexibility will quickly allow the response to change. Flexibility is a necessity for development, for strategic entrepreneurship and for continuous development of competencies.

#### **2.2.4. Entrepreneurial Competencies and Business Strategy**

Entrepreneurial competencies are a combination of some competencies such as self-esteem, particular knowledge regarding jobs, traits and social, managerial and networking competencies that help company performance (Mitchelmore and Rowley, 2010). While business strategy is the set of decision and actions that management use to achieve better company performance compare to their market rivals (Parthasarthy *et al.*, 2007, p. 7).

In dynamic business environment, which is characterized by global and domestics competition, many companies especially small medium enterprises (SMEs) are exposed to business survival strategy. To survive with dynamic business environment, company must endure with entrepreneurial competencies and strategy, all of which have a significant influence on business performance (Tehseen, Qureshi and Ramayah, 2018).

Company owner-managers with their competencies implement strategic management to conduct the company's mission and its fundamental task to ensure that the company's mission is linked to the main goals of the company in a dynamic economic environment. Strategic management concerns both goals which reflect the overall contours of the company's future and means which shows how goals should be achieved (DeSantola and Gulati, 2017).

In the practice of strategic management provides overall direction by developing plans and policies to achieve objectives and allocating resources to implement the plans. Strategic management exists for organizations to gain a competitive edge over the competitors. The following stages of forming and implementing a business strategy can be distinguished (Pillemer and Rothbard, 2018):

1. Preliminary assessment of the organization and the impact of external environment, determining the main guidelines (goals and mission) of the company and the period of strategy development.
2. In-depth research of the organization's external environment and sales markets.
3. Assessment of the organization's strengths and weakness.
4. The selection of priority guidelines and model of development of the organization.
5. Choosing and working out your own strategy and forming a system of strategic goals.
6. Specification of strategy targets and development of a strategic plan.
7. Implementation of the strategy and evaluation of results.

#### **2.2.5. Entrepreneurial Competencies and Business Performance**

Entrepreneurs of this era need to be more competent and skillful compared to entrepreneurs in the beginning of century. Studies analysis the relationship between entrepreneurial competencies and business performance builds a robust body of knowledge about entrepreneurship and business performance.

Man, Lau and Chan developed the concept of competitiveness and the competency approach, a conceptual model is developed to link the characteristics of small and medium-sized enterprises' (SMEs') owner-managers and their company's performance together. The model consists of four variables of competitive scope, organizational capabilities, entrepreneurial competencies, and performance. The central focus of this model is the three entrepreneurial tasks with different competencies construct the company performance (Man, Lau and Chan, 2002).

Man, Lau and Chan defined business environment and organization capabilities from external and internal factors. The links among the variables that influence company performance based on three tasks of entrepreneurship:

1. Forming Competitive Scope

Narrowing company's focus by the degree to which it is integrated

2. Creating Organizational capabilities

Company brings together its people and other resources to respond to change in the business environment and deliver value to its customers and stakeholders.

3. Setting a goal and taking actions

Setting a goal will help a company to prioritize actions and focus its efforts on what is most important by directing company focus away from goal and irrelevant activities.

This concept and links activities clearly explain in Figure 2.11 below:

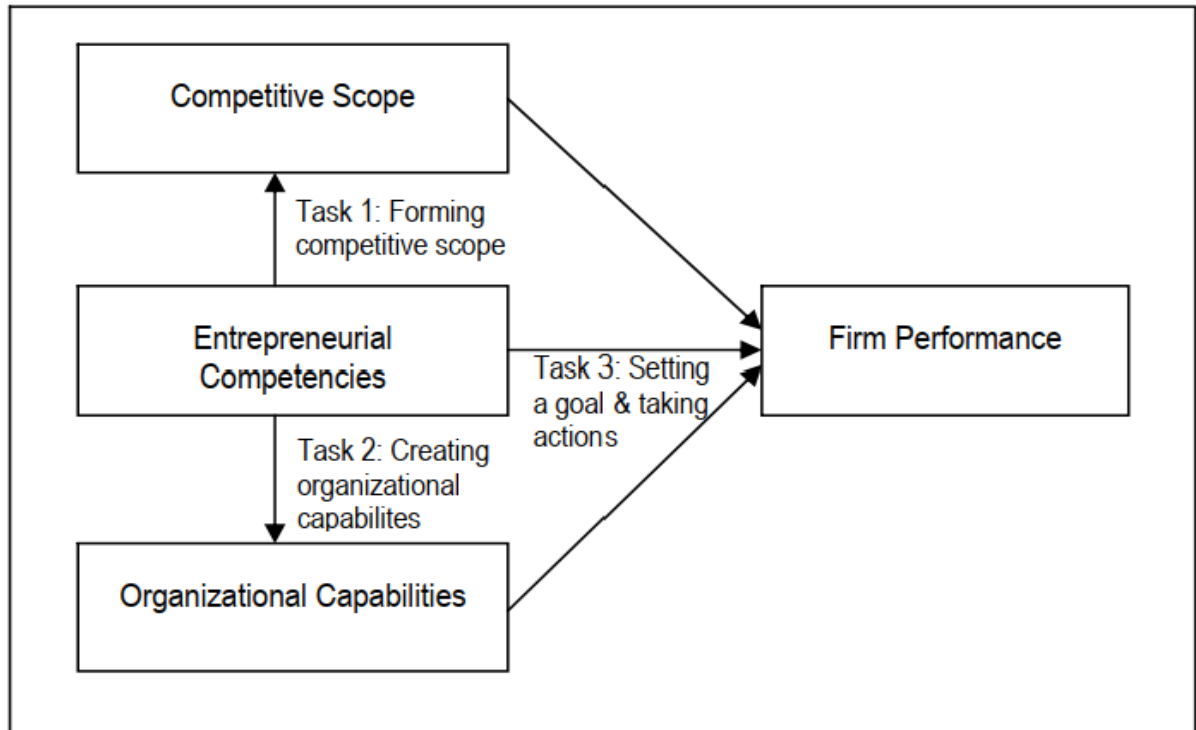


Figure 2.11 Conceptual Framework Entrepreneurial competencies and Company Performance

Baum, Locke and Smith examine a comprehensive multilevel model of venture growth with five research variables were included that have been theoretically identified as antecedents of company performance such (Baum, Locke and Smith, 2001):

1. personality traits and general motives

Traits are personality aspects that influence our behavior while motives are the drives that cause us to behave in certain ways.

2. personal competencies

capabilities combination that facilitates learning and other forms of goal attainment.

3. situational specific motivation

motivation which has in specific context of the activity.

4. competitive strategies

Effort of the company to create and maintain a competitive advantage with respect to competitors.

5. business environment

combination of people, organization and other forces that are outside the power of industry but may affect its production.

By empirical examination of multiple variables across multiple levels, all variables in the prediction of company growth when these total effects are considered cannot adequately explained from a single perspective. In some cases, personal traits and specific competency domains which do not contribute to company growth, affect venture growth through their effects upon more direct performance links.

Key competencies for service differ from those used in product marketing and include nurturing, empowerment, operating, data management, new service development, alliancing, communication, and market sensing. Zaim, Yaşar and Ünal compose individual competencies in the service industry which consist of three major dimensions: core competencies, managerial competencies, and functional competencies that effect to individual and organizational performance in Türkiye. Authors indicated in the study, a positive correlation between key dimensions of competencies and both individual and organizational performance (Zaim, Yaşar and Ünal, 2013).

### 2.2.6. Business Strategy and Business Performance

Buzzell and Gale are addressing concerns of many business executives, consultants, and scholars about their views on competitive strategy influence business performance. Their “unique formula” drawn from the PIMS (Profit Impact of Market Strategies) database which was initiated in 1972 for the specific purpose of determining how key dimensions of strategy affect business performance such as growth and profitability. Some competitive strategy influence business performance (Buzzell and Gale, 1987):

1. In the long run, the most important single factor affecting a business unit's performance is the quality of its products and service, relative to those of competitors. A quality edge boosts performance in two ways:
  - In the short run, superior quality yields increased profits via premium prices. On average, prices are 5-6% higher relative to competition.
  - In the longer term, superior and/or improving relative quality is the most effective way for business to grow. Quality leads to both market expansion and gains in market share.

The links between relative quality performance and business performance are shown in Figure 2.12, business usually achieve quality advantages by innovation and improvement. Investments in quality, when successful, lead to gain in volume that provide scale economics.

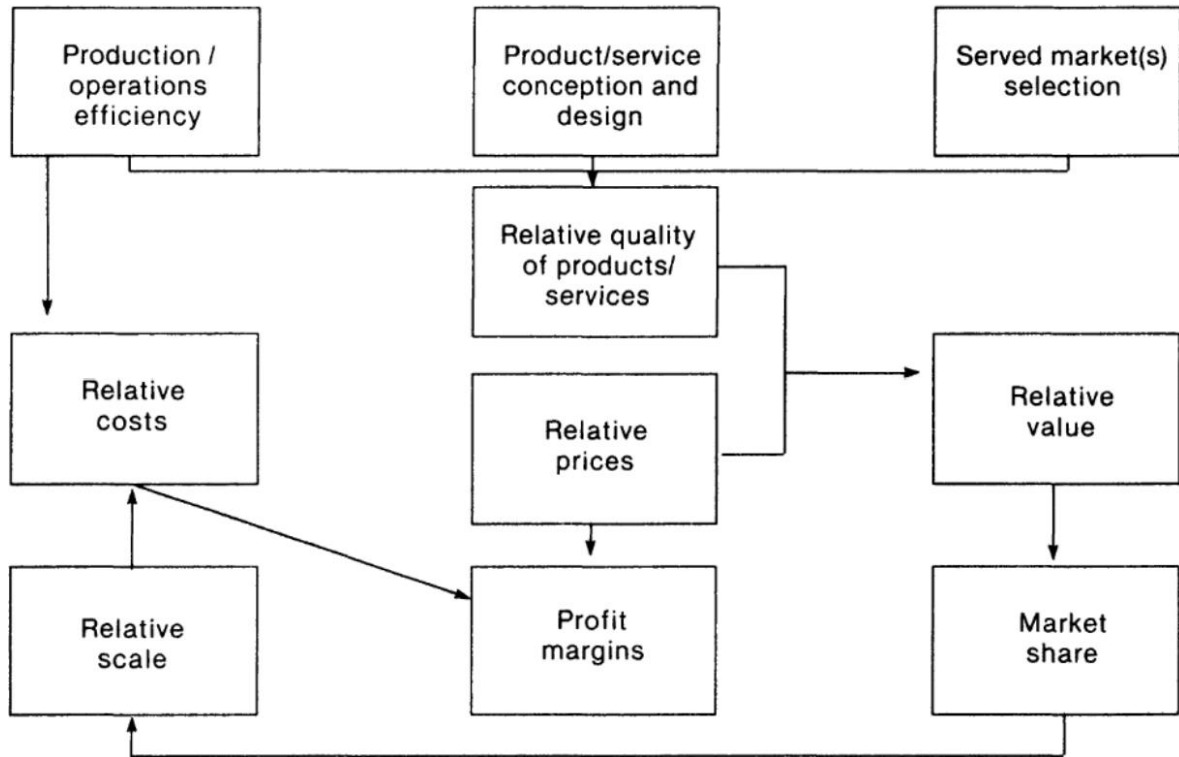


Figure 2.12 links among quality, market share and profitability

2. Market share and profitability are strongly related

The main reason for market share-profitability linkage is that large-share business benefits from scale of economics by simply lower per unit cost than their competitors.

3. High investment intensity acts as a powerful drag on profitability

High investment intensity in the form of either fixed assets or working capital usually leads to lower rates of return.

4. Vertical integration is a profitability strategy for some kinds of businesses, but not for others.

5. Strategic factors boost ROI also contributed to long-term value

Most of the strategic and market factors that enhance ROI also tend to increase the long-term value of the company.

Businesses with strong initial competitive strategy: high employee productivity, superior relative quality, and those with cost advantages relative to competitors will highly influence business performance.

Resource-based theory of competitive advantage gives a strong argumentation that innovations achieve sustainable competitive advantage by accumulating and using resources to serve consumer interests in ways that are hard to substitute for or imitate. Good intuitive judgement is needed in determining appropriate strategies.

Grant review postulates for a firm resource to lead competitive advantages. Grant defined a strategy of an organization as an adaptation between its internal resources and skill, and the opportunities and risks created by its external environment. At the business strategy level, explorations of the relationships between resources, competition, and profitability include the analysis of competitive imitation, the appropriability of returns to innovations, the role of imperfect information in creating profitability differences between competing companies, and how the process of resource accumulation can sustain competitive advantage. Together these contributions name as “the resource-based view of the firm.” The organization framework for business strategy impacting to business performance is a five-stage formulization as Figure 2.13 outlines this framework (Grant, 1991).



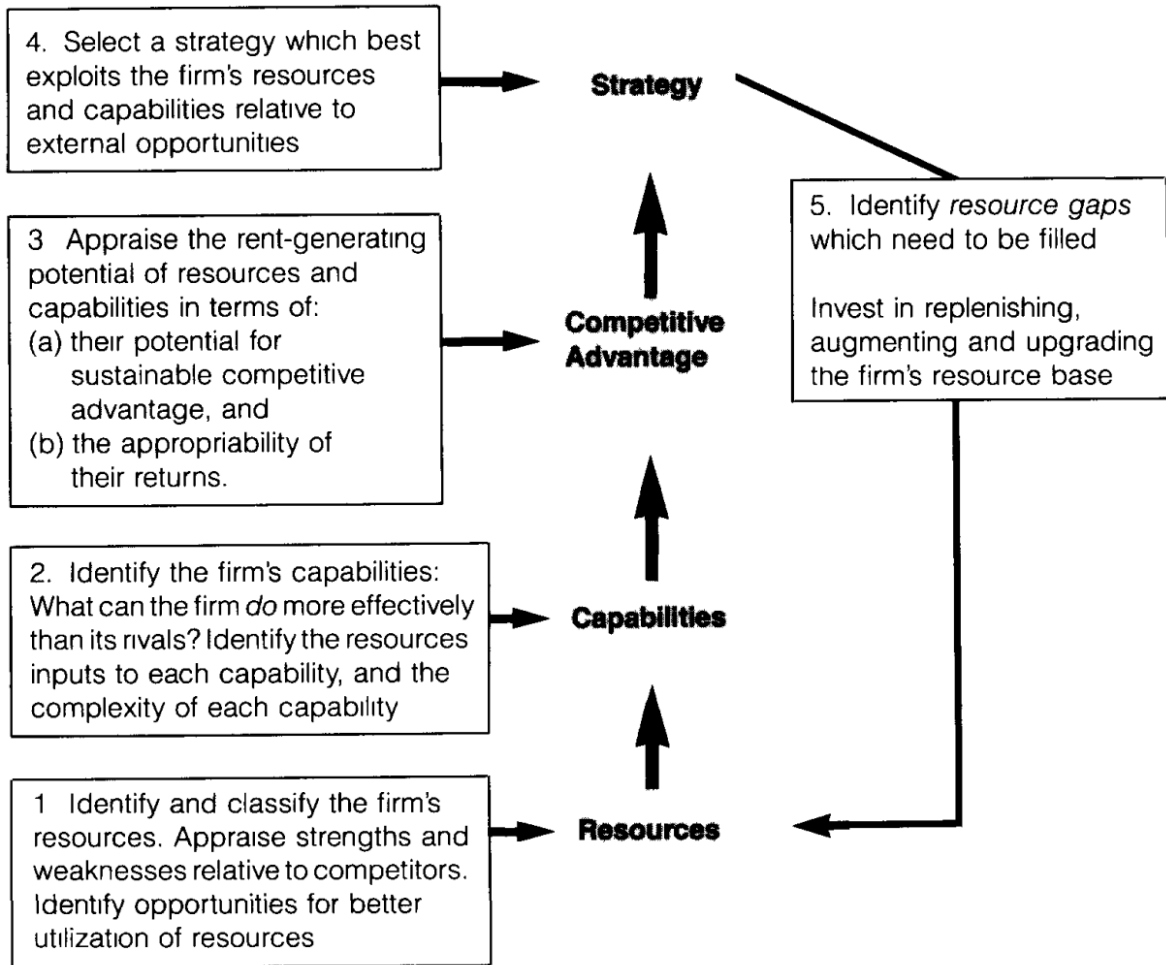


Figure 2.13 A resource-based approach to business strategy analysis

Resources and capabilities of the company is the foundation of long-term strategy rests upon two premises:

1. Internal resources and capabilities provide the basic direction for a company's strategy.
2. Resources and capabilities are the primary source of financial performance of a company.

## CHAPTER 3

### RESEARCH METHODOLOGY

#### 3.1. Overview of Research Problem

An overview problem research is the introduction to a research paper and an essential element convey the issues and context that gave rise to the study (McGaghie, Bordage and Shea, 2001, pp. 923–924). Problem research consists of the problem statement, methodology of solving the problem and the purpose of the research.

The background of this business research from the fact of two high growth countries: Indonesia and Vietnam that has a special trade agreement to enhance business trade and investment in both countries which not yet fully utilized by investors either from Indonesia, or Vietnam. Research focuses on the effect of entrepreneurial characteristics, entrepreneurial competencies, and business strategy on business performance.

This research will use quantitative research by using multiple linier regression analysis technic through hypothesis test with SPSS software to investigate effect of independent variables such as entrepreneurial characteristics ( $X_1$ ), entrepreneurial competencies ( $X_2$ ), and business strategy ( $X_3$ ) to dependent variable which is business performance ( $Y$ ) of Indonesian companies and affiliates in Vietnam (Sugiyono, 2019, p. 7). Research use survey method by distribute the questionnaire to get research feedback from participants to verify and validate research hypothesis (Sugiyono, 2019, p. 17). The

participants of this research is Indonesian's company owners and managers who run the business of the company in Vietnam and their feedback will use as primary data research (Sugiyono, 2019, p. 194).

Research objectives describes what research project intends to accomplish and should be clearly stated in the introduction of the research (Hanson, 2006), which in this business research is to investigate the effect of entrepreneurial characteristics, entrepreneurial competencies, and business strategy on business performance of Indonesian companies and affiliates in Vietnam. This main objective was reached through the following secondary objectives:

1. Investors supplement to help and encourage Indonesian companies to enter and doing business in Vietnam by studying successful factors of Indonesian companies who already invested and doing in Vietnam.
2. Indonesia- Vietnam bilateral trade supplement to improve bilateral trade transaction number.
3. Benchmark study for Indonesian companies that already operated in Vietnam.
4. Business study reference for Swiss School Business & Management (SSBM) and other business school.
5. A dissertation to complete academic requirement for degree of Doctor of Business Administration (DBA) from Swiss School Business & Management (SSBM).

### 3.2 Operationalization of Theoretical Constructs

After having examined entrepreneurial characteristics, entrepreneurial competencies, business strategy, and business performance in chapter 2, this section will be presenting business practices and theories of three independent variables: Entrepreneurial Characteristics ( $X_1$ ), Entrepreneurial Competencies ( $X_2$ ), Business Strategy ( $X_3$ ), and one dependent variable: Business Performance (Y) (Sugiyono, 2019, p. 69). Thereafter, this study will present an integrated frame links all research variables.

Entrepreneurial contains strong connotations of a process that pertains to dynamism and change in markets, and has long been considered pivotal to the field of business and economics history (Jones and Zeitlin, 2008). Schumpeter emphasize the critical importance of entrepreneurship to the modern economy, continue discuss by many people such that define entrepreneurship as a process of change through introduction of a new product, process, market and a new source of raw material (Schumpeter, 1934). In this way, entrepreneurs are the economy makers by given significant impact to world economic growth and market and trade till now.

Yet, despite the recognition of its importance, research on entrepreneurial within business and economic history still lacks a comprehensive study for each business sector and each area and country. Study about entrepreneurship start in 1755 pioneered by an Irish French economist Richard Cantillon. According to Richard Cantillon entrepreneur is someone buying goods and resources at current market price to be sold in the market at uncertain price (Thornton, 2020). Adam Smith (1776) defined entrepreneurship as human

activities that lead to changes the pattern of the prevailing division of labor (Michael, 2007, pp. 287–289).

Simultaneously, the study about entrepreneurship multiplicity in the forms of value to identify and pursue untapped current circumstances and future forms of value. Two broad sets of research questions are related in this regard. First, start with behavioral traits such as characteristics and competencies of entrepreneurial actors historically engage into value or combination of resources in their business. Second, how do companies and entrepreneurs adapt to the novelty of having a business and incorporate it into the social order? Entrepreneurial studies can address the complex interplay between entrepreneurial behavioral traits and companies' adaptation through business strategy to achieve novelty of business performance (Wadhvani and Lubinski, 2017, pp. 786–787).

The research regarding business performance measurement can be summarized in two factors: external and internal. Research about external factors is mostly related to government policy, regulation, and macroeconomic conditions that give impact to business environment. But our focus in this research is internal factors in the company that determine business performance.

Business performance is a common construct to measure performance of business implementation in specific period. Business performance is critical to company existence, growth, and profitability. Once a company becomes large enough, the company must use a clear performance measurement and control system to manage the company's existence. But research shows that measuring business performance is difficult and debatable due to multidimensional measurement both theory and empirical (Hakala, 2013). Therefore, further research has developed indicators to measure business performance to make it

higher in clarity. Business study of Lumpkin and Dess, business performance is measured from financial dimension supported by financial investment and sales growth indicators (Lumpkin and Dess, 2001). Lee and Tsang use three indicators, namely growth, profitability, and productivity to measure business performance (Lee and Tsang, 2001). Li et al. use 3 indicators to measure business performance: efficiency, growth and profit (Li, Zhang and Chan, 2005). Sorensen and Chang developed Business performance indicators based on sales volume, revenue, sales growth, revenue growth and organizational growth (Sorensen and Chang, 2006).

In relation to entrepreneurial characteristics, some research has conducted to find relationship between business performance and entrepreneurial characteristics (O'Regan, Sims and Ghobadian, 2005; De Zoysa and Herath, 2007; Street and Cameron, 2007; Nimalathasan, 2008).

Business performance is also affected by entrepreneurial competencies (Kiggundu, 2002). It is possible to train and develop entrepreneurial competencies through learning (Gibb and Hannon, 2006) and these competences will give a big effect to company performance (Camuffo, Gerli and Gubitta, 2012). Supporting by following studies about effect of entrepreneurial competencies to business performance (Man and Wafa, 2008; Man, Lau and Snape, 2008; Ahmad *et al.*, 2010; Ammal, 2017; Botha and Taljaard, 2021).

Adding to it, companies need to have a clear business strategy to start the business. Business strategy is a unique concern of the business with selection goals and objectives that taken together by enterprise to survival and success. It is commonly agreed business performance must be reflected in business strategy in the purpose to bring competitiveness in the market (Pearce, Robinson and Subramanian, 2000). Some scholars made researches

regarding alignment business strategy and performance measurement can be enhanced company performance (Ansoff, 1957; Li, Zhang and Chan, 2005; Kearney, Hisrich and Roche, 2008; Lee and Yang, 2011)

This research will investigate the relationship among four research variables: entrepreneurial characteristics, entrepreneurial competencies, business strategy, and business performance. This research will fill gap business performance studies in the past and conduct specifically for Vietnam business environment. Combine variables research from Abood et.al (2014) for entrepreneurial characteristics (Abood, Aboyasim and Ajloni, 2014, p. 4), Smith and Shankar (2015) for entrepreneurial competencies (Almeida and Buzady, 2019), and guru diversification strategy Ansoff (1957) for business strategy (Ansoff, 1957).

Below table is a summary of empirical research from many scholars to support all variables research in this research.

| No | Variables relationship   | Scholar's research   |
|----|--|--|
| 1  | Entrepreneurial Characteristics and Business Performance         | (Blackman, 2003; O'Regan, Sims and Ghobadian, 2005; De Zoysa and Herath, 2007; Street and Cameron, 2007; Nimalathan, 2008; Ainin <i>et al.</i> , 2010; Kaur and Bains, 2015; Astuti, Supanto and Supriadi, 2019) |
| 2  | Entrepreneurial Characteristics and Entrepreneurial Competencies | (Chandler and Hanks, 1994; Wickramaratne, Kiminami and Yagi, 2014; Aisyah, Musa and Ramli, 2017; Pepple and Enuoh, 2020)   |
| 3  | Entrepreneurial Characteristics and Business Strategy            | (Quinn, 1989; Mintzberg, 1990; Hall, 1995; Smith,  |

|   |   |  |
|---|---|--|
|   |   | 1998; Ireland, 2007; Boohene, Sheridan and Kotey, 2008; Tanțău, 2008)  |
| 4 | Entrepreneurial Competencies and Business Strategy    | (Parthasarthy <i>et al.</i> , 2007; Mitchelmore and Rowley, 2010; DeSantola and Gulati, 2017; Pillemer and Rothbard, 2018; Tehseen, Qureshi and Ramayah, 2018)   |
| 5 | Entrepreneurial Competencies and Business Performance | (Baum, Locke and Smith, 2001; Kiggundu, 2002; Man, Lau and Chan, 2002; Gibb and Hannon, 2006; Man and Wafa, 2008; Ahmad <i>et al.</i> , 2010; Camuffo, Gerli and Gubitta, 2012; Zaim, Yaşar and Ünal, 2013; Ammal, 2017; Botha and Taljaard, 2021) |
| 6 | Business Strategy and Business Performance            | (Ansoff, 1957; Buzzell and Gale, 1987; Grant, 1991; Pearce, Robinson and Subramanian, 2000; Li, Zhang and Chan, 2005; Kearney, Hisrich and Roche, 2008; Lee and Yang, 2011)  |

Table 3.1 Summary Empirical Business Research

### 3.3 Research Objectives, Hypothesis and Questions

The research objectives and questions define the focus and scope of the research that help to keep the research on track.



### **3.3.1 Research Objectives**

1. To investigate if Entrepreneurial Characteristics, Entrepreneurial Competencies, and Business Strategy have positive simultaneous relationship with Business Performance.
2. To investigate if Entrepreneurial Characteristics has a positive relationship with Business Performance.
3. To investigate if Entrepreneurial Competencies has a positive relationship with Business Performance.
4. To investigate if Business Strategy has a positive relationship with Business Performance.

### **3.3.2 Research Questions**

1. Is there a positive simultaneous relationship among Entrepreneurial Characteristics, Entrepreneurial Competencies, Business, and Business Performance?
2. Is there a positive relationship between Entrepreneurial Characteristics and Business Performance?
3. Is there a positive relationship between Entrepreneurial Competencies and Business Performance?
4. Is there a positive relationship between Business Strategy and Business Performance?

### 3.4 Research Design

Research design is a blueprint of research. It includes methodologies, tools, and techniques to conduct research that helps to identify the problem that may arise during process research and analysis.

This research is conducted in period of February to June 2023 to Indonesian companies and affiliates in Vietnam. And use quantitative research to investigate effect of independent variables: Entrepreneurial Characteristics ( $X_1$ ), Entrepreneurial Competencies ( $X_2$ ) and Business Strategy ( $X_3$ ) to dependent variable: Business Performance ( $Y$ ) of Indonesian Companies in Vietnam by using linier regression (Sugiyono, 2019, p. 7).

Design of this research will be based on correlation of four research variables: entrepreneurial characteristics, entrepreneurial competencies, and business strategy on business performance as shown at Figure 3.1:

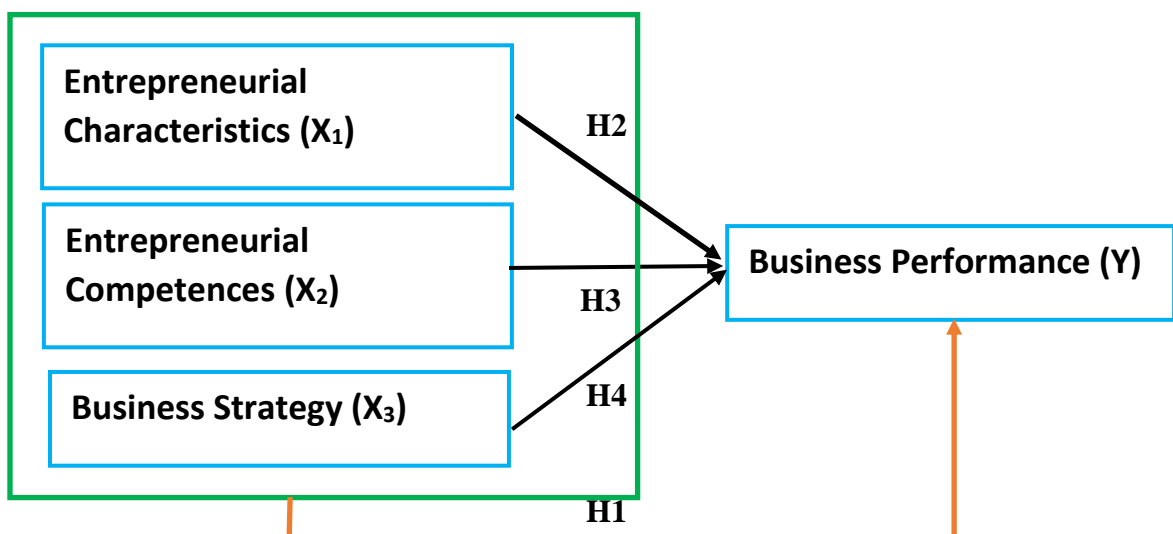


Figure 3.1. Research Framework

Regression model of this business research:  $Y = b_0 + b_1X_1 + b_2X_2 + b_3X_3$ .

Remarks:

|  |   |                                 |
|--|---|---------------------------------|
| Y  | : | Business Performance            |
| X <sub>1</sub>                                   | : | Entrepreneurial Characteristics |
| X <sub>2</sub>                                   | : | Entrepreneurial Competencies    |
| X <sub>3</sub>                                   | : | Business Strategy               |
| b <sub>0</sub>                                   | : | Intercept                       |
| b <sub>1</sub> , b <sub>2</sub> & b <sub>3</sub> | : | regression coefficient          |

### 3.5 Research Hypothesis

Research hypothesis is a temporary answer to the research problem formulation, where the research problem formulation has been stated in the form of a question sentence (Sugiyono, 2019, p. 99). In this research we have four hypotheses that will verify and validate through statistical tests.

Hypothesis 1 (H1) : There are simultaneous positive relationships among Entrepreneurial Characteristics, Entrepreneurial Competencies, Business Strategy, and Business Performance.

Hypothesis 2 (H2) : There is a positive relationship between Entrepreneurial Characteristics and Business Performance.

Hypothesis 3 (H3) : There is a positive relationship between Entrepreneurial Competencies and Business Performance.

Hypothesis 4 (H4) : There is a positive relationship between Business strategy and Business Performance.

### **3.6 Population and Sample**

Population is generalization region consist of object or subject that has certain qualities and characteristics that determined by researcher to be studied and drawn the conclusion (Sugiyono, 2019, p. 126). In this research, population of this research is Indonesian companies and affiliates which have business and operation in Vietnam and willing to join the survey. There are 33 participants who are willing join the survey out of 40 Indonesian companies and affiliated in Vietnam.

Sample is a part of population number. If the population consists of many respondents and it is impossible to take all as the research subject, researcher can take sample of population as subject. In this research use non- probability with purposive sampling method (Sugiyono, 2019, p. 127).

Purposive sampling method is a technique to choose sample based on specific consideration and characteristics. In this research target sample has certain characteristics which is Indonesian companies and affiliates in Vietnam that represent by the owners or managers. According to Sugiyono based on empirical study, good sample size for research is in the range of 30 to 500 samples (Sugiyono, 2019, p. 143). Since the population of this research is 33, this research will take all population as sample of this research.

### **3.7 Participant Selection**

Sampling is taking into context of the research and participant is expected to provide relevant data about the research suggested in investigation (Levine *et al.*, 1980).

Participant selection is the process by which participants are selected to join the survey. In this research, participant is the one is lead business the Indonesia company and affiliate in Vietnam. Some are the owners, and the rest are manager to director level with a total of 33 participants.

### **3.8 Instrumentation**

Instrument is a measuring instrument such as test, questionnaires, interview, and observation guidelines use by researcher to collect data in research (Sugiyono, 2019, p. 102). In this research there four research variables consist of three independent variables: Entrepreneurial Characteristics ( $X_1$ ), Entrepreneurial Competencies ( $X_2$ ), Business Strategy ( $X_3$ ), and one dependent variable: Business Performance ( $Y$ ) of Indonesian Companies in Vietnam by using linier regression (Sugiyono, 2019, p. 7).

The instruments that are used in this research are interviews, questionnaires, and tests. Questionnaire is used to get data collection and test use to determine expected observation and a comparison of expectation to actual observation.

### **3.9 Data Collection Procedures**

Data collection procedures is one of the strategic stage in research since need to communicate to survey participant to fill up, collect and summary the data (Sugiyono, 2019, p. 308). The data collection procedure in this research uses a questionnaire by google form. The questionnaire has 2 sections: Section 1 general information and Section 2

detailed response of participant related to research variables by Likert scale (Sugiyono, 2019, p. 146). Send questionnaire through email and WhatsApp application to all participants to get research feedback.

| No | Feedback          | Code | Score |
|----|-------------------|------|-------|
| 1  | Totally Not Agree | TNA  | 1     |
| 2  | Dis-Agree         | DA   | 2     |
| 3  | Neutral           | N    | 3     |
| 4  | Agree             | A    | 4     |
| 5  | Fully Agree       | FA   | 5     |

Table 3.2 Likert Scale Business Performance Research

Table 3.3 below shows variables and indicators used in this research. Those will evaluate through validity and reliability instrument test.

| No | Variable  | Indicator | Item                               |   |
|----|---|-----------|------------------------------------|---|
| 1  | X1.Entrepreneurial Characteristics (Abood, Aboyasin and Ajloni, 2014) | X1.1      | Personal                           | 2 |
|    |   | X1.2      | Entrepreneurial                    | 2 |
|    |   | X1.3      | Managerial and Organizational      | 2 |
| 2  | X2.Entrepreneurial Competencies (Smith and Shankar, 2015)             | X2.1      | Achievement                        | 2 |
|    |   | X2.2      | Personal Power                     | 2 |
|    |   | X2.3      | Planning and relationship building | 2 |
| 3  | X3.Business Strategy (Ansoff, 1957)                                   | X3.1      | Market Penetration                 | 2 |
|    |   | X3.2      | Market Development                 | 2 |
|    |   | X3.3      | Product Development                | 2 |
|    |   | X3.4      | Diversification                    | 2 |
| 4  | Y. Business Performance (Li, Zhang, and Chan, 2005)                   | Y1        | Sales                              | 1 |
|    |   | Y2        | Profit                             | 1 |
|    |   | Y3        | Market Share                       | 1 |

Table 3.3 Variable, Indicator, and Item of Research

### 3.10 Research Variables

The research variable is submitted to measure a dependent variable which is to obtain the crucial information about customers and make a conclusion (Sugiyono, 2019, p. 68). There are two types of variables : independent variable and dependent variable. Independent variable is a variable that affects or the cause of the change or the emergence of the dependent variable, while dependent variable is variable that is affected by independent variable (Sugiyono, 2019, p. 69).

In this research there are four research variables consist of three independent variables: Entrepreneurial Characteristics ( $X_1$ ), Entrepreneurial Competencies ( $X_2$ ), Business Strategy ( $X_3$ ), and one dependent variable: Business Performance ( $Y$ ) of Indonesian Companies in Vietnam.

| <b>X1</b>   | <b>ENTREPRENEURIAL CHARACTERISTICS</b> |        | <b>RESEARCH INDICATOR</b>  |
|-------------|--|--------|--|
| <b>X1.1</b> | <b>PERSONAL</b>                        | X1.1.1 | I'm self-confidence and responsible people                       |
|             |  | X1.1.2 | I have personal passion to complete the project                  |
|             |  |        |  |
| <b>X1.2</b> | <b>ENTREPRENEURIAL</b>                 | X1.2.1 | I'd like to take a business risk and seize the opportunity       |
|             |  | X1.2.2 | I'm normally thinking flexible and out of box                    |
|             |  |        |  |
| <b>X1.3</b> | <b>MANAGERIAL AND ORGANIZATION</b>     | X1.3.1 | I have expertise in management and do it efficiently             |
|             |  | X1.3.2 | I'm socialized people and easy to build relationship in business |
|             |  |        |  |

Table 3.4 Independent Variable of Entrepreneurial Characteristics

| <b>X2</b>   | <b>ENTREPRENEURIAL COMPETENCIES</b>       |        | <b>RESEARCH INDICATOR</b>                                 |
|-------------|---|--------|---|
| <b>X2.1</b> | <b>ACHIEVEMENT</b>                        | X2.1.1 | I can take initiative and seeking opportunity in business |
|             |   | X2.1.2 | I'm full commitment and persistence in doing business     |
|             |   |        |   |
| <b>X2.2</b> | <b>PERSONAL POWER</b>                     | X2.2.1 | I'm independence and self-confidence in doing business    |
|             |   | X2.2.2 | I'm persuasive and easy build networking                  |
| <b>X2.3</b> | <b>PLANNING AND RELATIONSHIP BUILDING</b> | X2.3.1 | I always seeking information to achieve my goals          |
|             |   | X2.3.2 | I'm well organize, systematic in planning and monitoring  |
|             |   |        |   |

Table 3.5 Independent Variable of Entrepreneurial Competencies

| <b>X3</b>   | <b>BUSINESS STRATEGY</b>   |        | <b>RESEARCH INDICATOR</b>   |
|-------------|----------------------------|--------|---|
| <b>X3.1</b> | <b>MARKET PENETRATION</b>  | X3.1.1 | Company uses economic scale to sell more products                   |
|             |                            | X3.1.2 | Company makes sales program and promotion with price discount       |
|             |                            |        |   |
| <b>X3.2</b> | <b>MARKET DEVELOPMENT</b>  | X3.2.1 | Company continues exploring new markets to get new customers        |
|             |                            | X3.2.2 | Company continues make product improvement to appeal more customers |
|             |                            |        |   |
| <b>X3.3</b> | <b>PRODUCT DEVELOPMENT</b> | X3.3.1 | Company develops new versions of existing product                   |
|             |                            | X3.3.2 | Company updates new feature to existing product                     |
|             |                            |        |   |
| <b>X3.4</b> | <b>DIVERSIFICATION</b>     | X3.4.1 | Company enters a new market with a new product                      |
|             |                            | X3.4.2 | Company enters a new market with an existing product                |
|             |                            |        |   |

Table 3.6 Independent Variable of Business Strategy



| <b>Y</b>  | <b>BUSINESS PERFORMANCE</b> |      | <b>RESEARCH INDICATOR</b>   |
|-----------|-----------------------------|------|---|
|           |                             |      |   |
| <b>Y1</b> | <b>SALES</b>                | Y1.1 | Company has an entrepreneurial strategy to increase sales revenue |
| <b>Y2</b> | <b>PROFIT</b>               | Y2.1 | Company sustains and making profit in business                    |
| <b>Y3</b> | <b>MARKET SHARE</b>         | Y3.1 | Company strives to increase market share consistently             |
|           |                             |      |   |

Table 3.7 Dependent Variable of Business Performance

### 3.11 Data Analysis

Data analysis is calculation to answer the problem formulation and hypothesis carried out from the research (Sugiyono, 2019, p. 296). This research uses Statistical Program for Social Science (SPSS) version 20 to do descriptive and inferential statistics data analysis. Descriptive statistics are used to describe the research findings in the form table, graphic and picture, while inferential statistics are used to interpret the data in form of number and analysis (Zikmund *et al.*, 2003, p. 473).

#### 3.11.1 Descriptive Statistics Data

Descriptive statistics are specific method used to calculate, describe the research collected data summary in the form of table, graphic and picture (Zikmund *et al.*, 2003, p. 473). There are three types of descriptive statistics used in this research: frequency distribution (normal distribution and skewness), central tendency (mean, median, mode), and variability of data set (standard deviation and range).

Questionnaire or hypothesis will depend on data quality used in the research. Research data will be useful if research instruments to collect the data are valid and reliable. Testing and measurement will show data collection accuracy and consistency.

### **3.11.2 Validity Test**

Validity test refers to the ability of a data collection instrument to measure what must be measured, to get data that is relevant to what is being measured. Research instrument is considered as a valid research if measurement data can fulfil research requirements and accurate based on the real facts (Sugiyono, 2019, p. 125).

This quantitative research uses a questionnaire as a data collection instrument. A questionnaire is a valid questionnaire if able to measure accurately indicators of research variables and then the conclusion reflects the fact.

Result of a questionnaire validated with corrected item- total correlation method by SPSS version 20 software. The instrument is valid if the  $r$  count  $>$   $r$  table with significant value 0.05. if  $r$  count  $<$   $r$  table with significant value 0.05, the research instrument is not valid.

The amount of sample in this research ( $N$ ) is 33 thus the Degree of Freedom (DF) is  $N-2 = 33-2 = 31$ . With the following Table 3.8 which is  $R$  table with significant value 0.05, this research will have  $R$  table value is 0.355 (SPSS, 2023). Therefore, the questionnaire instrument of this research is considered valid if value of Corrected Item-Total Correlation  $>$   $R$  Table 0.355.

| N  | 5%    | N    | 5%    |
|----|-------|------|-------|
| 3  | 0.997 | 38   | 0.320 |
| 4  | 0.950 | 39   | 0.316 |
| 5  | 0.878 | 40   | 0.312 |
| 6  | 0.811 | 41   | 0.308 |
| 7  | 0.754 | 42   | 0.304 |
| 8  | 0.707 | 43   | 0.301 |
| 9  | 0.666 | 44   | 0.297 |
| 10 | 0.632 | 45   | 0.294 |
| 11 | 0.602 | 46   | 0.291 |
| 12 | 0.576 | 47   | 0.288 |
| 13 | 0.553 | 48   | 0.284 |
| 14 | 0.532 | 49   | 0.281 |
| 15 | 0.514 | 50   | 0.279 |
| 16 | 0.497 | 55   | 0.266 |
| 17 | 0.482 | 60   | 0.254 |
| 18 | 0.468 | 65   | 0.244 |
| 19 | 0.456 | 70   | 0.235 |
| 20 | 0.444 | 75   | 0.227 |
| 21 | 0.433 | 80   | 0.220 |
| 22 | 0.432 | 85   | 0.213 |
| 23 | 0.413 | 90   | 0.207 |
| 24 | 0.404 | 95   | 0.202 |
| 25 | 0.396 | 100  | 0.195 |
| 26 | 0.388 | 125  | 0.176 |
| 27 | 0.381 | 150  | 0.159 |
| 28 | 0.374 | 175  | 0.148 |
| 29 | 0.367 | 200  | 0.138 |
| 30 | 0.361 | 300  | 0.113 |
| 31 | 0.355 | 400  | 0.098 |
| 32 | 0.349 | 500  | 0.088 |
| 33 | 0.344 | 600  | 0.080 |
| 34 | 0.339 | 700  | 0.074 |
| 35 | 0.334 | 800  | 0.070 |
| 36 | 0.329 | 900  | 0.065 |
| 37 | 0.325 | 1000 | 0.062 |

Table 3.8 R Table with significant 5%

### 3.11.3 Reliability Test

Reliability refers to the consistency of an instrument in measuring what to be measured. Thus, an instrument said reliable enough to collect the data because it is proper. It means whenever data measurement conducted, it will produce the same result (Sugiyono, 2019, p. 130).

Reliability test is required by research to determine the consistency of questionnaire instrument for research variables measurement. The reliability test is an important test to make sure the homogeneity of the test indicators and how well research instruments can measure research indicators.

In this research, the research will use Cronbach's alpha ( $\alpha$ ) in SPSS to measure internal consistency among the indicators making up an instrument to the amount of overall variance:

- If  $\alpha > 0.6$ , research instrument is reliable
- If  $\alpha < 0.6$ , research instrument is not reliable

### 3.11.4 Multicollinearity Test

Research should check the issue of multi-collinearity every time before building the regression model. Variance Inflation Factor (VIF) and tolerance are would be an easy way to look at each independent variable to see whether they have a high correlation with the rest (Imam Ghozali, 2018, p. 107). Both are based on the R-squared value obtained by

regressing a predictor on all the other predictors in the analysis. Tolerance is the reciprocal of VIF (Tolerance =  $1/\text{VIF}$ ).

#### **A. Tolerance Value**

- Tolerance  $> 0.1$ , no multicollinearity in regression model
- Tolerance  $< 0.1$ , there is multicollinearity in regression model

#### **B. Variance Inflation Factor (VIF)**

- VIF  $< 10$ , no multicollinearity in regression model
- VIF  $> 10$ , there is multicollinearity in regression model

### **3.11.5 Heteroscedasticity Test**

It is a  $\chi^2$  Test to test whether the variance of the errors from a regression is dependent on the values of the independent variables (Imam Ghazali, 2018, p. 137).

Heteroscedasticity is useful to examine whether there is a difference in the residual variance of the observation period to another period of observation. Good research using regression model must be free from heteroscedasticity phenomenon.

Glejser test is one of heteroscedastic test that apply in this research. The Glejser test conducted by regressing absolute residual value of the independent variable with regression equation is  $U_t = A + B X_t = v_i$ . Decision process in heteroscedastic phenomenon with Glejser test:

1. If the value Sig.  $> 0.05$ , no heteroscedasticity in research
2. If the value Sig.  $< 0.05$ , there is a heteroscedasticity phenomenon in research

### 3.12. Hypothesis Test

Hypothesis test in statistics is a way to evaluate the result of the survey to see if survey has meaningful results. Hypothesis test is a statistical analysis in which assumptions about a population parameter are made in the test. In this research we conduct two hypotheses test: F- Test and t- test.

#### 3.12.1 F- test

The F-test is a type of statistical test that is used in hypothesis testing to check whether the variance of two populations or two samples are equal or not. The F-test of overall significance indicates whether the liner regression model in the research provides a better fit to the data than a model that contains no independent variables.

Decision process in F-test consists of two indicators:

##### A. Significant Value

- If the value Sig. < 0.05, Hypothesis is acceptable.

There are simultaneous positive relationships of independent variables: Entrepreneurial Characteristics ( $X_1$ ), Entrepreneurial Competencies ( $X_2$ ), Business Strategy ( $X_3$ ), to dependent variable: Business Performance (Y).

- If the value Sig. > 0.05, Hypothesis is not acceptable.

There are no simultaneous positive relationships of independent variables: Entrepreneurial Characteristics ( $X_1$ ), Entrepreneurial Competencies ( $X_2$ ), Business Strategy ( $X_3$ ), to dependent variable: Business Performance (Y).

## B. F value

The value calculated from research data is called the F Statistic or F value. The F table value is a specific value in comparison to F-value. In general, if the F value is a test is larger than F table value, hypothesis is accepted.

Formula of F table value = (k; n-k), which n = total research respondents, k = number independent variables. In this research, k = 3, n= 33, so F table of (3,30) is 2.92.

- If the F value > F table (2.92), Hypothesis is acceptable.

There are simultaneous positive relationships of independent variables: Entrepreneurial Characteristics ( $X_1$ ), Entrepreneurial Competencies ( $X_2$ ), Business Strategy ( $X_3$ ), to dependent variable: Business Performance (Y).

- If the F value < F table (2.92), Hypothesis is not acceptable.

There are no simultaneous positive relationships of independent variables: Entrepreneurial Characteristics ( $X_1$ ), Entrepreneurial Competencies ( $X_2$ ), Business Strategy ( $X_3$ ), to dependent variable: Business Performance (Y).

|   | 1    | 2    | 3    | 4    | 5    | 6    | 7    | 8    | 9    | 10   | 12   | 15   | 20   | 24   | 30   | 40   | 60   | 120  | $\infty$ |
|---|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|----------|
| 1 | 161  | 200  | 216  | 225  | 230  | 234  | 237  | 239  | 241  | 242  | 244  | 246  | 248  | 249  | 250  | 251  | 252  | 253  | 254      |
| 2 | 18,5 | 19,0 | 19,2 | 19,2 | 19,3 | 19,3 | 19,4 | 19,4 | 19,4 | 19,4 | 19,4 | 19,4 | 19,4 | 19,5 | 19,5 | 19,5 | 19,5 | 19,5 | 19,5     |
| 3 | 10,1 | 9,55 | 9,28 | 9,12 | 9,01 | 8,94 | 8,89 | 8,85 | 8,81 | 8,79 | 8,74 | 8,70 | 8,66 | 8,64 | 8,62 | 8,59 | 8,57 | 8,55 | 8,53     |
| 4 | 7,71 | 6,94 | 6,59 | 6,39 | 6,26 | 6,16 | 6,09 | 6,04 | 6,00 | 5,96 | 5,91 | 5,86 | 5,80 | 5,77 | 5,75 | 5,72 | 5,69 | 5,66 | 5,63     |
| 5 | 6,61 | 5,79 | 5,41 | 5,19 | 5,05 | 4,95 | 4,88 | 4,82 | 4,77 | 4,74 | 4,68 | 4,62 | 4,56 | 4,53 | 4,50 | 4,46 | 4,43 | 4,40 | 4,37     |

|     |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |
|-----|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| 6   | 5,99 | 5,14 | 4,76 | 4,53 | 4,39 | 4,28 | 4,21 | 4,15 | 4,10 | 4,06 | 4,00 | 3,94 | 3,87 | 3,84 | 3,81 | 3,77 | 3,74 | 3,70 | 3,67 |
| 7   | 5,59 | 4,74 | 4,35 | 4,12 | 3,97 | 3,87 | 3,79 | 3,73 | 3,68 | 3,64 | 3,57 | 3,51 | 3,44 | 3,41 | 3,38 | 3,34 | 3,30 | 3,27 | 3,23 |
| 8   | 5,32 | 4,46 | 4,07 | 3,84 | 4,69 | 3,58 | 3,50 | 3,44 | 3,39 | 3,35 | 3,28 | 3,22 | 3,15 | 3,12 | 3,08 | 3,04 | 3,01 | 2,97 | 2,93 |
| 9   | 5,12 | 4,26 | 3,86 | 3,63 | 3,48 | 3,37 | 3,29 | 3,23 | 3,18 | 3,14 | 3,07 | 3,01 | 2,94 | 2,90 | 2,86 | 2,83 | 2,79 | 2,75 | 2,71 |
| 10  | 4,96 | 4,10 | 3,71 | 3,48 | 3,33 | 3,22 | 3,14 | 3,07 | 3,02 | 2,98 | 2,91 | 2,85 | 2,77 | 2,74 | 2,70 | 2,66 | 2,62 | 2,58 | 2,54 |
| 11  | 4,84 | 3,98 | 3,59 | 3,36 | 3,20 | 3,09 | 3,01 | 2,95 | 2,90 | 2,85 | 2,79 | 2,72 | 2,65 | 2,61 | 2,57 | 2,53 | 2,49 | 2,45 | 2,40 |
| 12  | 4,75 | 3,89 | 3,49 | 3,26 | 3,11 | 3,00 | 2,91 | 2,85 | 2,80 | 2,75 | 2,69 | 2,62 | 2,54 | 2,51 | 2,47 | 2,43 | 2,38 | 2,34 | 2,30 |
| 13  | 4,67 | 3,81 | 3,41 | 3,13 | 3,03 | 2,92 | 2,83 | 2,77 | 2,71 | 2,67 | 2,60 | 2,53 | 2,46 | 2,42 | 2,38 | 2,34 | 2,30 | 2,25 | 2,21 |
| 14  | 4,60 | 3,74 | 3,34 | 3,11 | 2,96 | 2,85 | 2,76 | 2,70 | 2,65 | 2,60 | 2,53 | 2,46 | 2,39 | 2,35 | 2,31 | 2,27 | 2,22 | 2,18 | 2,13 |
| 15  | 4,54 | 3,68 | 3,29 | 3,06 | 2,90 | 2,79 | 2,71 | 2,64 | 6,59 | 2,54 | 2,48 | 2,40 | 2,33 | 2,29 | 2,25 | 2,20 | 2,16 | 2,11 | 2,07 |
| 16  | 4,49 | 3,63 | 3,24 | 3,01 | 2,85 | 2,74 | 2,66 | 2,59 | 2,54 | 2,49 | 2,42 | 2,35 | 2,28 | 2,24 | 2,19 | 2,15 | 2,11 | 2,06 | 2,01 |
| 17  | 4,45 | 3,59 | 3,20 | 2,96 | 2,81 | 2,70 | 2,61 | 2,55 | 2,49 | 2,45 | 2,38 | 2,31 | 2,23 | 2,19 | 2,15 | 2,10 | 2,06 | 2,01 | 1,96 |
| 18  | 4,41 | 3,55 | 3,16 | 2,93 | 2,77 | 2,66 | 2,58 | 2,51 | 2,46 | 2,41 | 2,34 | 2,27 | 2,19 | 2,15 | 2,11 | 2,06 | 2,02 | 1,97 | 1,92 |
| 19  | 4,38 | 3,52 | 3,13 | 2,90 | 2,74 | 2,63 | 2,54 | 2,48 | 2,42 | 2,38 | 2,31 | 2,23 | 2,16 | 2,11 | 2,07 | 2,03 | 1,98 | 1,93 | 1,88 |
| 20  | 4,35 | 3,49 | 3,10 | 2,87 | 2,71 | 2,60 | 2,51 | 2,45 | 2,39 | 2,35 | 2,28 | 2,20 | 2,12 | 2,08 | 2,04 | 1,99 | 1,95 | 1,90 | 1,84 |
| 21  | 4,32 | 3,47 | 3,07 | 2,84 | 2,68 | 2,57 | 2,49 | 2,42 | 2,37 | 2,32 | 2,25 | 2,18 | 2,10 | 2,05 | 2,01 | 1,96 | 1,92 | 1,87 | 1,81 |
| 22  | 4,30 | 3,44 | 3,05 | 2,82 | 2,66 | 2,55 | 2,46 | 2,40 | 2,34 | 2,30 | 2,23 | 2,15 | 2,07 | 2,03 | 1,98 | 1,94 | 1,89 | 1,84 | 1,78 |
| 23  | 4,28 | 3,42 | 3,03 | 2,80 | 2,64 | 2,53 | 2,44 | 2,37 | 2,32 | 2,27 | 2,20 | 2,13 | 2,05 | 2,01 | 1,96 | 1,91 | 1,86 | 1,81 | 1,76 |
| 24  | 4,26 | 3,40 | 3,01 | 2,78 | 2,62 | 2,51 | 2,42 | 2,36 | 2,30 | 2,25 | 2,18 | 2,11 | 2,03 | 1,98 | 1,94 | 1,89 | 1,84 | 1,79 | 1,73 |
| 25  | 4,24 | 3,39 | 2,99 | 2,76 | 2,60 | 2,49 | 2,40 | 2,34 | 2,28 | 2,24 | 2,16 | 2,09 | 2,01 | 1,96 | 1,92 | 1,87 | 1,82 | 1,77 | 1,71 |
| 30  | 4,17 | 3,32 | 2,92 | 2,69 | 2,53 | 2,42 | 2,33 | 2,27 | 2,21 | 2,16 | 2,09 | 2,01 | 1,93 | 1,89 | 1,84 | 1,79 | 1,74 | 1,68 | 1,62 |
| 40  | 4,08 | 3,23 | 2,84 | 2,61 | 2,45 | 2,34 | 2,25 | 2,18 | 2,12 | 2,08 | 2,00 | 1,92 | 1,84 | 1,79 | 1,74 | 1,69 | 1,64 | 1,58 | 1,51 |
| 50  | 4,08 | 3,18 | 2,79 | 2,56 | 2,40 | 2,29 | 2,20 | 2,13 | 2,07 | 2,02 | 1,95 | 1,87 | 1,78 | 1,74 | 1,69 | 1,63 | 1,56 | 1,50 | 1,41 |
| 60  | 4,00 | 3,15 | 2,76 | 2,53 | 2,37 | 2,25 | 2,17 | 2,10 | 2,04 | 1,99 | 1,92 | 1,84 | 1,75 | 1,70 | 1,65 | 1,59 | 1,53 | 1,47 | 1,39 |
| 100 | 3,94 | 3,09 | 2,70 | 2,46 | 2,30 | 2,19 | 2,10 | 2,03 | 1,97 | 1,92 | 1,85 | 1,80 | 1,68 | 1,63 | 1,57 | 1,51 | 1,46 | 1,40 | 1,28 |
| 120 | 3,92 | 3,07 | 2,68 | 2,45 | 2,29 | 2,18 | 2,09 | 2,02 | 1,96 | 1,91 | 1,83 | 1,75 | 1,66 | 1,61 | 1,55 | 1,50 | 1,43 | 1,35 | 1,22 |
| ∞   | 3,84 | 3,00 | 2,60 | 2,37 | 2,21 | 2,10 | 2,01 | 1,94 | 1,88 | 1,83 | 1,75 | 1,67 | 1,57 | 1,52 | 1,46 | 1,39 | 1,32 | 1,22 | 1,00 |

Table 3.9 F table (SPSS, 2023 F table)



### 3.12.2 t- test

A t-test is a statistical test that is often used in hypothesis testing to determine whether a process influences the population's interest, or whether two groups are different from one another. Decision process in t-test consists of two indicators:

#### A. Significant Value

- If the value Sig. < probability 0.05, Hypothesis is acceptable.

There are partial positive relationships of independent variables: Entrepreneurial Characteristics ( $X_1$ ), Entrepreneurial Competencies ( $X_2$ ), Business Strategy ( $X_3$ ), to dependent variable: Business Performance (Y).

- If the value Sig. > probability 0.05, Hypothesis is not acceptable.

There are no partial relationships of independent variables: Entrepreneurial Characteristics ( $X_1$ ), Entrepreneurial Competencies ( $X_2$ ), Business Strategy ( $X_3$ ), to dependent variable: Business Performance (Y).

#### B. t-value

t-value measures the size of the difference relative to the variance in research data.

The greater the magnitude of t-value, the greater the evidence against the null hypothesis.

The t table value is a specific value in comparison to t-value. In general, if the t- value is a test is larger than t table value, hypothesis is accepted.

Formula of t- table value =  $(\alpha/2; n-k-1 \text{ or df residual})$ , which  $n$  = total research respondents,  $k$  = number independent variables, and  $\alpha$  is research significance level. In this research,  $k = 3$ ,  $n = 33$ ,  $\alpha = 5\%$  so t- table of  $(0.025,29)$  is 2.045.

- If the t- value  $>$  t- table (2.045), Hypothesis is acceptable.

There are partial positive relationships of independent variables: Entrepreneurial Characteristics ( $X_1$ ), Entrepreneurial Competencies ( $X_2$ ), Business Strategy ( $X_3$ ), to dependent variable: Business Performance ( $Y$ ).

- If the t- value  $<$  t- table (2.045), Hypothesis is not acceptable.

There are no partial relationships of independent variables: Entrepreneurial Characteristics ( $X_1$ ), Entrepreneurial Competencies ( $X_2$ ), Business Strategy ( $X_3$ ), to dependent variable: Business Performance ( $Y$ ).

| d.f | $t_{0,10}$ | $t_{0,05}$ | $t_{0,025}$ | $t_{0,01}$ | $t_{0,005}$ |
|-----|------------|------------|-------------|------------|-------------|
| 1   | 3.078      | 6.314      | 12.71       | 31.82      | 63.66       |
| 2   | 1.886      | 2.920      | 4.303       | 6.965      | 9.925       |
| 3   | 1.638      | 2.353      | 3.182       | 4.541      | 5.841       |
| 4   | 1.533      | 2.132      | 2.776       | 3.747      | 4.604       |
| 5   | 1.476      | 2.015      | 2.571       | 3.365      | 4.032       |
| 6   | 1.440      | 1.943      | 2.447       | 3.143      | 3.707       |
| 7   | 1.415      | 1.895      | 2.365       | 2.998      | 3.499       |
| 8   | 1.397      | 1.860      | 2.306       | 2.896      | 3.355       |
| 9   | 1.383      | 1.833      | 2.262       | 2.821      | 3.250       |
| 10  | 1.372      | 1.812      | 2.228       | 2.764      | 3.169       |
| 11  | 1.363      | 1.796      | 2.201       | 2.718      | 3.106       |
| 12  | 1.356      | 1.782      | 2.179       | 2.681      | 3.055       |
| 13  | 1.350      | 1.771      | 2.160       | 2.650      | 3.012       |
| 14  | 1.345      | 1.761      | 2.145       | 2.624      | 2.977       |
| 15  | 1.341      | 1.753      | 2.131       | 2.602      | 2.947       |
| 16  | 1.337      | 1.746      | 2.120       | 2.583      | 2.921       |
| 17  | 1.333      | 1.740      | 2.110       | 2.567      | 2.898       |
| 18  | 1.330      | 1.734      | 2.101       | 2.552      | 2.878       |
| 19  | 1.328      | 1.729      | 2.093       | 2.539      | 2.861       |
| 20  | 1.325      | 1.725      | 2.086       | 2.528      | 2.845       |
| 21  | 1.323      | 1.721      | 2.080       | 2.518      | 2.831       |
| 22  | 1.321      | 1.717      | 2.074       | 2.508      | 2.819       |
| 23  | 1.319      | 1.714      | 2.069       | 2.500      | 2.807       |
| 24  | 1.318      | 1.711      | 2.064       | 2.492      | 2.797       |
| 25  | 1.316      | 1.708      | 2.060       | 2.485      | 2.787       |
| 26  | 1.315      | 1.706      | 2.056       | 2.479      | 2.779       |
| 27  | 1.314      | 1.703      | 2.052       | 2.473      | 2.771       |
| 28  | 1.313      | 1.701      | 2.048       | 2.467      | 2.763       |
| 29  | 1.311      | 1.699      | 2.045       | 2.462      | 2.756       |
| 30  | 1.310      | 1.697      | 2.042       | 2.457      | 2.750       |
| 31  | 1.309      | 1.696      | 2.040       | 2.453      | 2.744       |

|    |       |       |       |       |       |
|----|-------|-------|-------|-------|-------|
| 32 | 1.309 | 1.694 | 2.037 | 2.449 | 2.738 |
| 33 | 1.308 | 1.692 | 2.035 | 2.445 | 2.733 |
| 34 | 1.307 | 1.691 | 2.032 | 2.441 | 2.728 |
| 35 | 1.306 | 1.690 | 2.030 | 2.438 | 2.724 |
| 36 | 1.306 | 1.688 | 2.028 | 2.434 | 2.719 |
| 37 | 1.305 | 1.687 | 2.026 | 2.431 | 2.715 |
| 38 | 1.304 | 1.686 | 2.024 | 2.429 | 2.712 |
| 39 | 1.304 | 1.685 | 2.023 | 2.426 | 2.708 |
| 40 | 1.303 | 1.684 | 2.021 | 2.423 | 2.704 |

Table 3.10 t-table (t-table SPSS, 2023)

### 3.13 Research Design Limitations

Research design limitations are certain restrictions on the research that affect and influence the interpretation of the research. In this research, we are focusing on variables of Entrepreneurial Characteristics, Entrepreneurial Competencies and Business Strategy that affected Business Performance. Focus to Indonesian companies and affiliates which has business and operation in Vietnam. The period of research is from October 2022- June 2023.

### 3.14 Conclusion

Research methodology section, chapter three provides justification for the research methodology chosen for the research. This chapter contained overview of research problem, operationalization of theoretical constructs, research objectives and questions, research design, research hypothesis, population and sample, participant selection, instrumentation, data collection procedures, research variables, data analysis, hypothesis test, and research design limitations.

## CHAPTER 4

### RESEARCH RESULTS

#### 4.1. Introduction Research Result

The purpose of this chapter is to present the primary research findings of the current business research that gotten from the questionnaire administered to 40 business leaders of Indonesian company and affiliate in Vietnam. Some are the owners, and the rest are manager to director level. Of the 40 questionnaires released, only 33 agreed to become respondents of this business research. In Statistical research based on empirical study, good sample size for research is in the range of 30 to 500 samples (Sugiyono, 2019, p. 143). Since the research population is only 33 respondents, this research will take all population as sample of this research.

The research questionnaire is consisting of 7 sections:

1. Respondent Identity
2. Business Identity
3. Entrepreneurial Characteristics
4. Entrepreneurial Competencies
5. Business Strategy
6. Business Performance
7. Personal statement

The results and findings are presented within the parameters set in Literature Review and Methodology through the analysis for which evidence has been gathered and presented under the appropriate headings.

## **4.2. Research Descriptive Statistics**

The purpose of descriptive statistics is providing a summary data from the research which is applied to Indonesian companies. And population of the research is the company leaders who are also the owners and directors of Indonesian companies in Vietnam.

We review data description of this research based on content of research questionnaire:

### **I. General Information**

a. Section 1 Respondent Identity

b. Section 2 Business Profile

### **II. Characteristics of Research Variables**

a. Section 3 Entrepreneurial Characteristics

b. Section 4 Entrepreneurial Competencies

c. Section 5 Business Strategy

d. Section 6 Business Performance

### **III. Respondent Statement/ declaration**

#### 4.2.1 Research General Information

Table 4.1. illustrate data description of this research with respect to the population size, sample size, gender, ages, education, background, company establishment, size of company, segment, company revenue, and business coverage.

| No | Data Description   | Number            | Percentage                     |
|----|--|-------------------|--------------------------------|
| 1  | Gender<br>a Male<br>b Female   | 32<br>1           | 97.0%<br>3.0%                  |
| 2  | Ages<br>a above 42 (Gen X)<br>b below 42 years old (millennials)   | 16<br>17          | 48.5%<br>51.5%                 |
| 3  | Education Background<br>a High School<br>b Bachelor's degree<br>c Master's degree<br>d Doctoral Degree   | 1<br>22<br>9<br>1 | 3.0%<br>66.7%<br>27.3%<br>3.0% |
| 4  | Company establishment in Vietnam<br>a less than 10 years<br>b more than 10 years   | 6<br>27           | 18.2%<br>81.8%                 |
| 5  | Number of employees<br>a less than 250 employees<br>b more than 250 employees  | 23<br>10          | 70%<br>30%                     |
| 6  | Business Sector<br>a Primary sector (agriculture, farm, fishing, forestry, mining, deposits)<br>b Secondary Sector (manufacturing, construction, and industry)<br>c Tertiary Sector (trade, tourism, business service, food service, real estate, education, human health) | 2<br>16<br>15     | 6.1%<br>48.5%<br>45.5%         |

|   |   |    |       |
|---|---|----|-------|
|   | d Quaternary Sector (financial planning, consultancy, design, research and development) | 0  | 0%    |
|   | e Quinary Sector (Non-Profit Organization)  | 0  | 0%    |
| 7 | Estimated company annual revenue  |    |       |
|   | a Micro Enterprise (<10 billion VND/year)   | 1  | 3.2%  |
|   | b Small Enterprise (10-100 billion VND/year)  | 6  | 19.4% |
|   | c Medium Enterprise (100-300 billion VND/year)  | 11 | 35.5% |
|   | d Large Enterprise (> 300 billion VND/year)   | 13 | 42%   |
| 8 | Business Coverage Area  |    |       |
|   | a Whole Country (Vietnam)   | 23 | 69.7% |
|   | b Southern Vietnam  | 9  | 27.3% |
|   | c Central Vietnam   | 1  | 3.0%  |
|   | c North Vietnam   | 2  | 6.1%  |

Table 4.1. Descriptive Research Data

#### 4.2.1.1 Respondent Gender

Figure 4.1 shows gender existence for Indonesian's company leaders in Vietnam. Of 33 Indonesian's company leaders who join in this survey, 1 person is a female. This is shown that Indonesian female has similar capability and opportunity to lead company to do outbound investment in Vietnam.

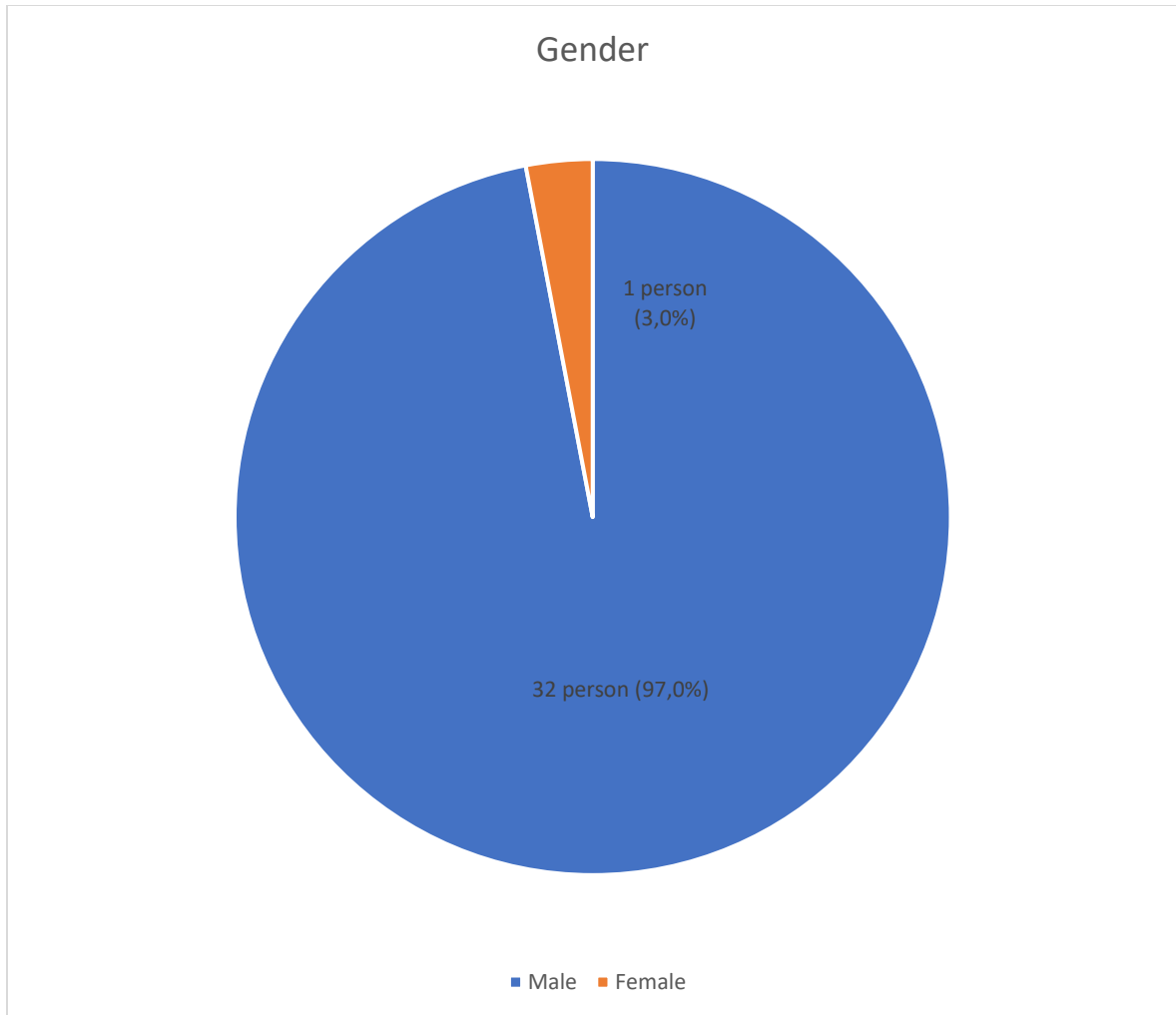


Figure 4.1 Respondent Gender

#### 4.2.1.2 Respondent Age Distribution

Figure 4.2 shown distribution age of Company Leaders of Indonesian companies in Vietnam. The composition is quite even percentage between Gen-X and Millennial Generation of Indonesian's leaders who lead the business in Vietnam. Age above 42 years (Gen-X) is 16 people (48.5%) and below 42 (Millennial Generation) is 17 people (51.5%).



This research result is aligned with the study by Moore (Moore, 2008, p. 19) where the ideal entrepreneurial ages is between late 20 years old and around 40 years old. Which in these ages range is when there is a trade-off between confidence, usually characterized by a young person and wisdom based on years of experience.

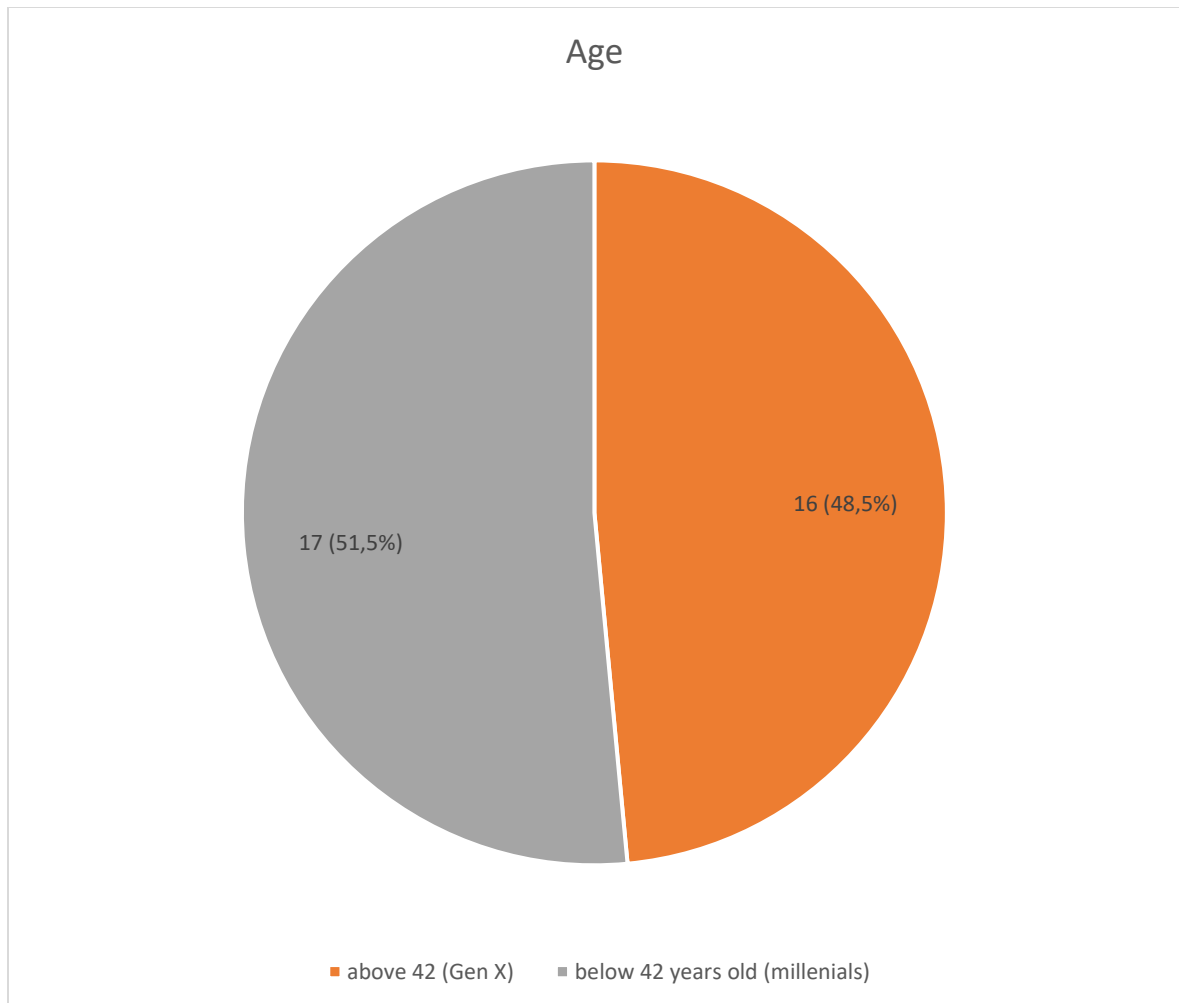


Figure 4.2 Respondent Age

#### 4.2.1.3 Respondent Educational Qualification

Figure 4.3 shows the research result related to educational qualifications indicates that 1 people (3%) had high school qualification, 22 people (66.7%) had bachelor's degree qualification, 9 people (27.3%) had master's degree qualification, and 1 people (3%) had Doctoral degree qualification. All respondents were well educated with the minimum high school degree qualification and this aligned with study that mentioned success of business depends on socio-economic factors such as education qualification, training and skills (Thapa *et al.*, 2008).

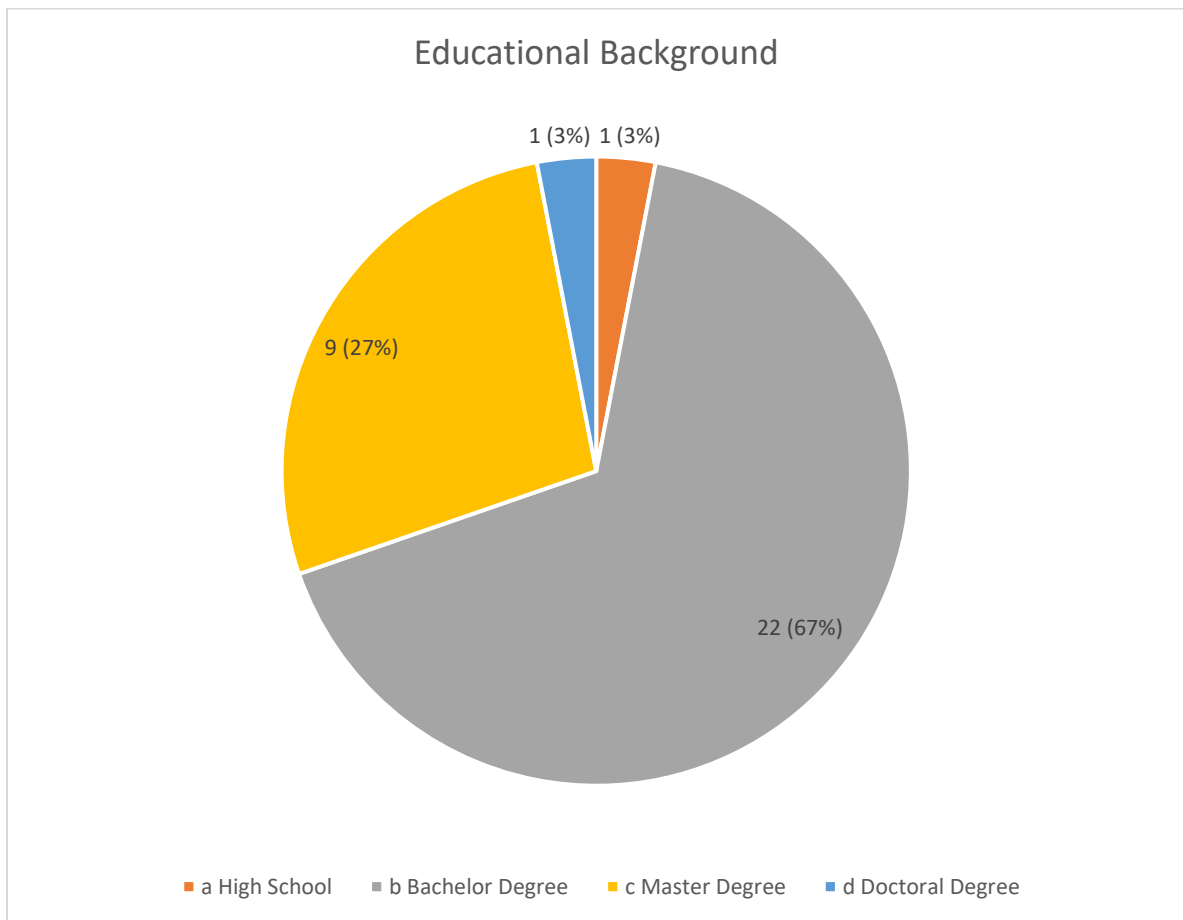


Figure 4.3 Educational Background

#### 4.2.1.4 Company Year of Establishment

Figure 4.4 shows 27 (81.8%) of Indonesian company has been operated for more than 10 years in Vietnam and 6 (18.2%) companies operate less than 10 years.

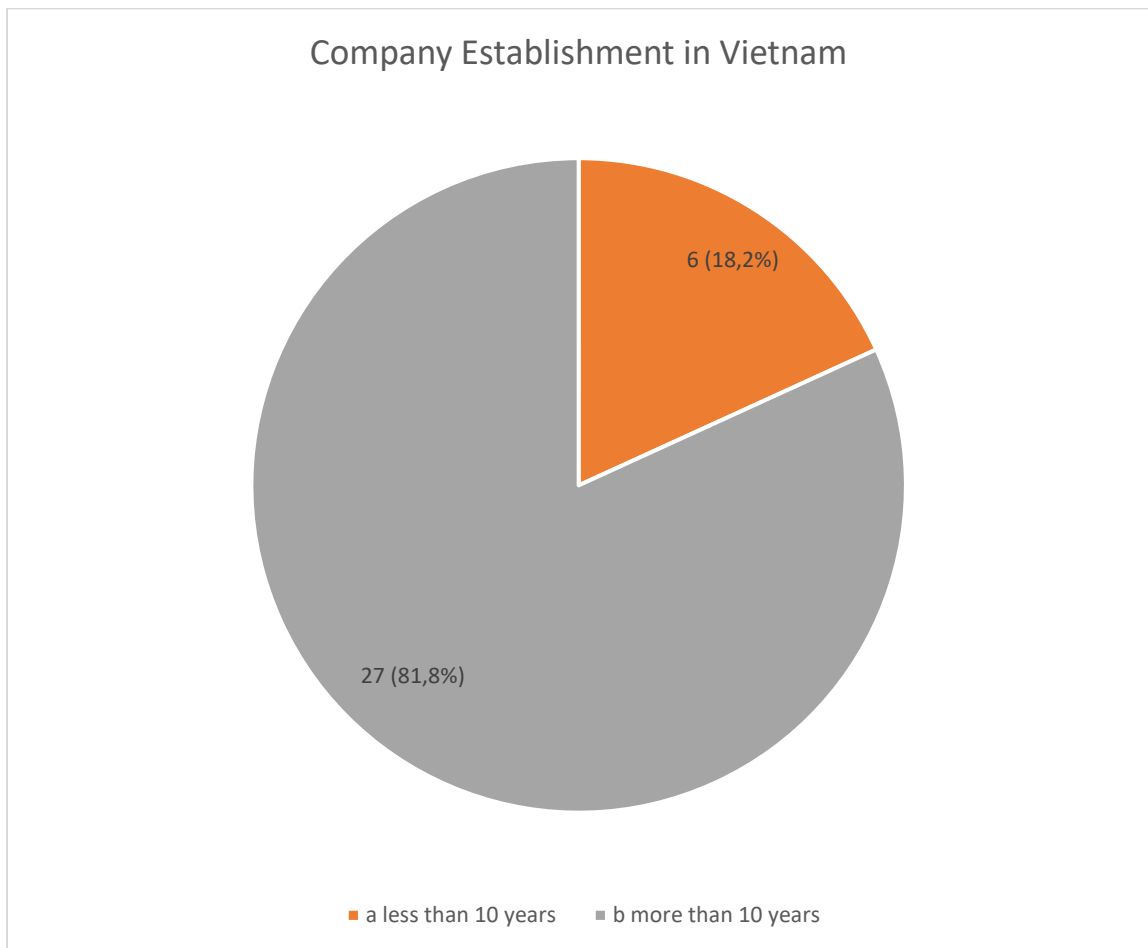


Figure 4.4 Company Year Establishment

This information indicates since long time ago many Indonesian companies see Vietnam as one of outbound investment destination even though is no clear indication that age will impact company success. Many scholars have made their studies about the relation of company age to risk of failure on whether the age of business either increases or

decreases risk of survival. Some studies prove that firms face a liability of newness effect that is a higher risk of failure as compared to older ones (Geroski, 1995). But in the other scholars mentioned probability of business failure may increase with age (Fichman and Levinthal, 1991).

#### **4.2.1.5 Number of employee and Business Sector**

Figure 4.5 shows 10 Indonesian companies or 30% of Indonesian companies are employed less than 250 employees while the other 23 companies or 70% of Indonesian companies are employed more than 250 employees in their companies.

This figure indicates Indonesian companies operates in Vietnam has evolved to harness more state-of-the-art technology that alongside human labor in their company to utilize young, skilled labor and competitive labor cost in Vietnam for have a low production cost to produce their product.

Figure 4.5 also shows Indonesian companies use Vietnam as their hub of production and supply chain in Southeast Asia region to get better efficiency, enlarge company business and footprint.

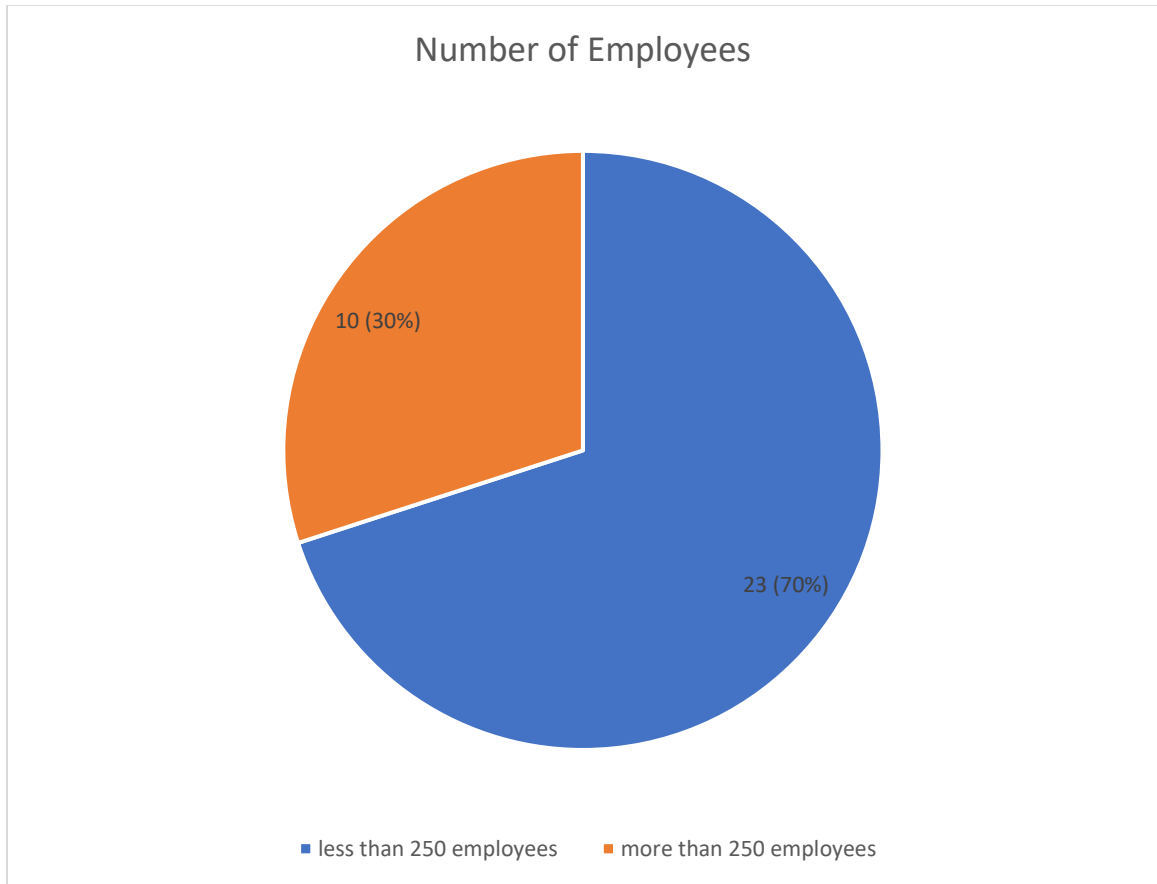


Figure 4.5 Number of employees

Figure 4.6 is shown that most of investment of Indonesian companies are in Manufacturing, Business, and trade sector with total 31 companies (94%) therefore most Indonesian companies have many employees. This is in line with data from the government that 60% of Foreign Direct Investment is in the manufacturing sector (Grant Thornton, 2023, p. 27). Those sectors in Vietnam are supported with young, skilled, and competitive cost of labor in the region.

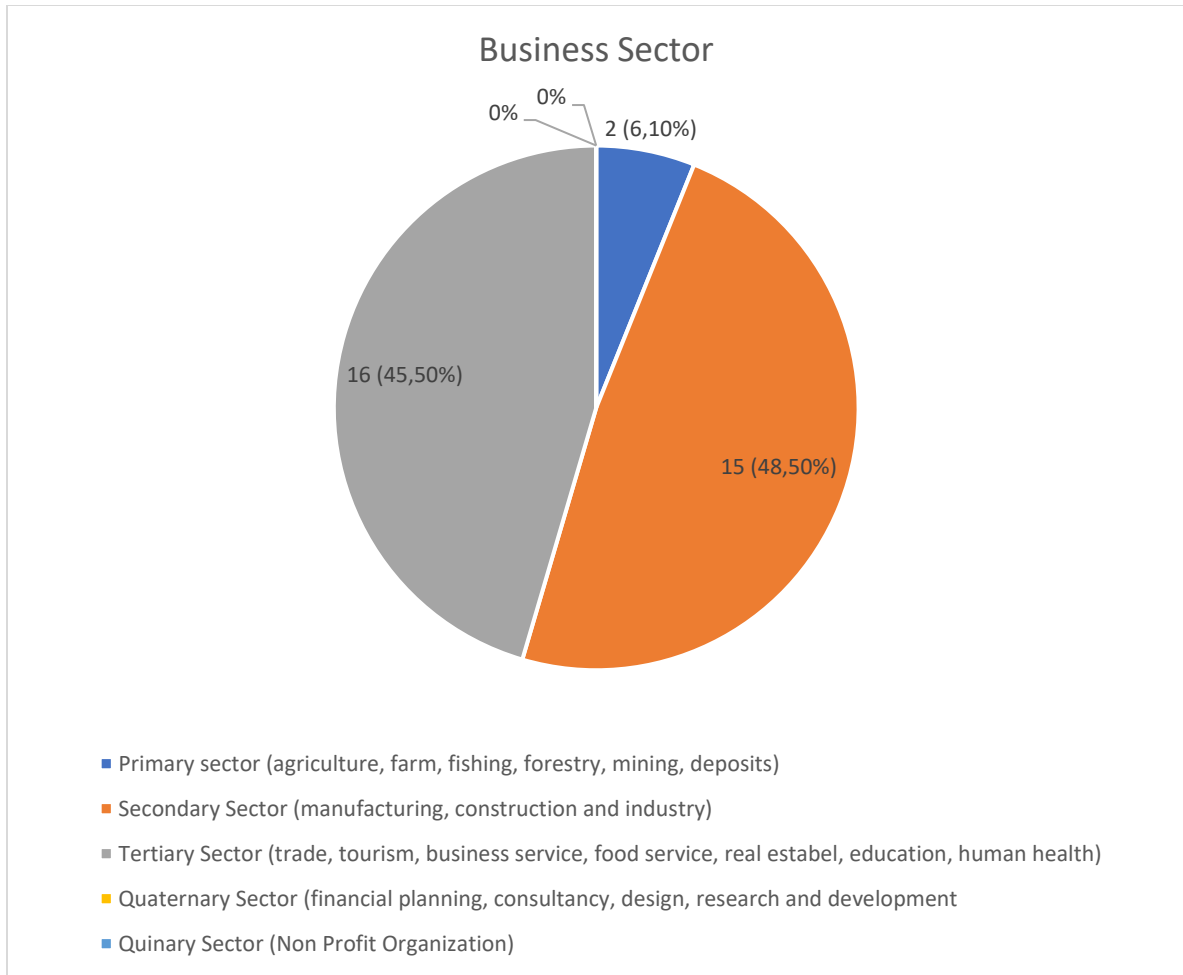


Figure 4.6 Business Sector

#### 4.2.1.6 Revenue and Business Area

Figure 4.7 shows the Indonesian companies 77.5% or 24 companies are Medium to Large Company scale. 11 companies or 35.5% have yearly revenue from 100 billion- 300 billion VND (Vietnam Dong) and 13 companies or 42% have yearly revenue more than 300 billion VND (Vietnam Dong). This data shows Indonesia companies utilize golden population period and the population of 100 million of Vietnamese people with middle

class is rapidly expanding which indicating growing of consumer spending to sell their products in Vietnam domestic market.

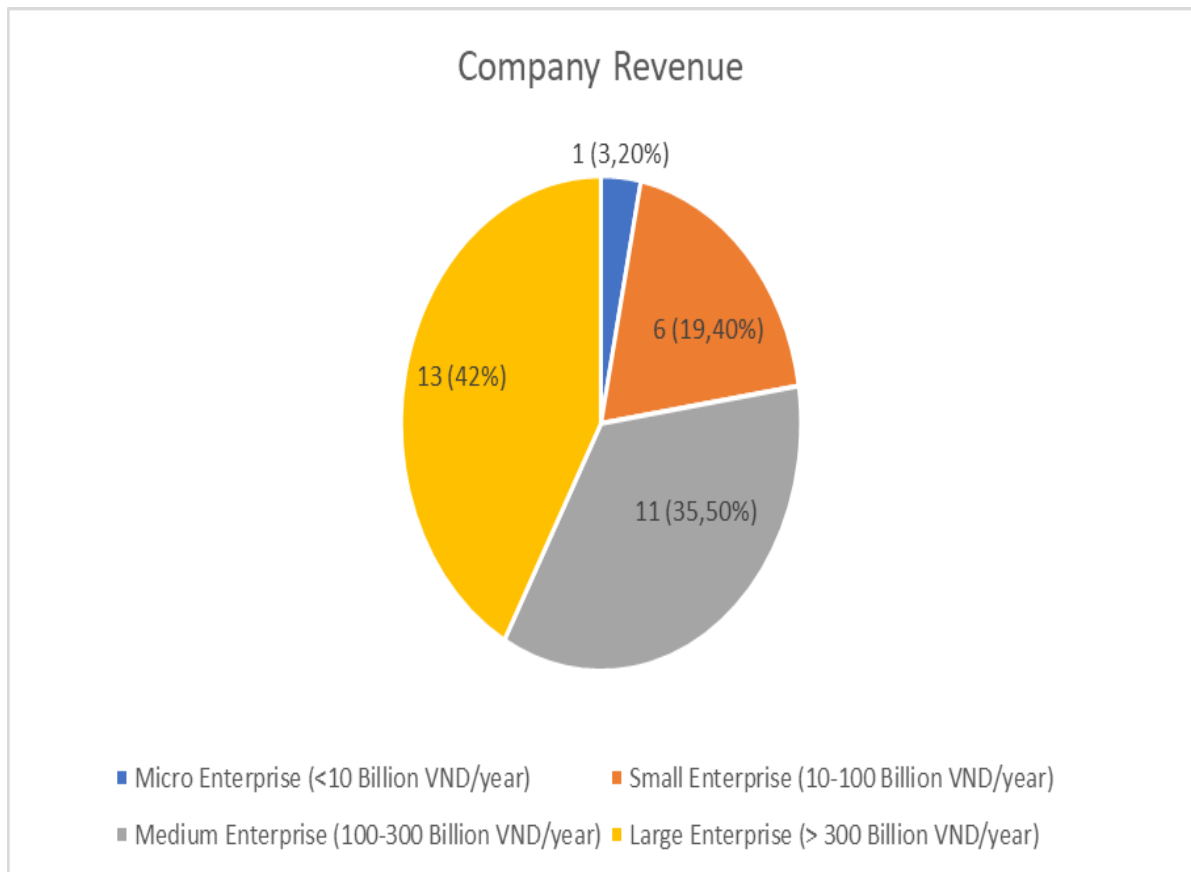


Figure 4.7 Company revenue

Figure 4.8 shows 23 companies, or 70%, have business coverage for the whole country and 9 companies or 27%, are focusing on the Southern Area. The Southern region is the oldest industrial production center and a favorite investor destination in Vietnam. The dominant industries such as garment, textiles, footwear, rubber and plastics, metals, and machinery and equipment manufacturing (Grant Thornton, 2023, p. 20).

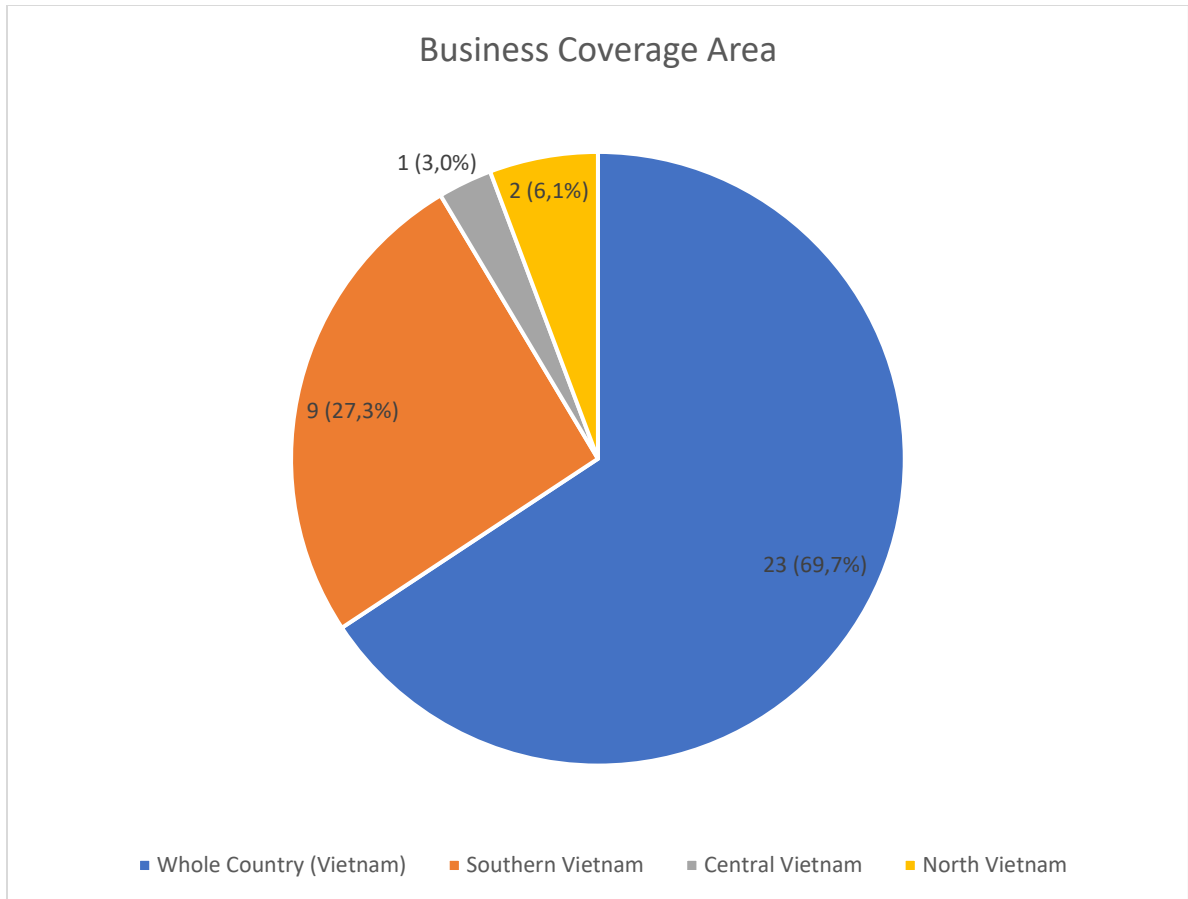


Figure 4.8 Business Coverage Area

#### 4.2.2 Characteristics of Research Variables

Table 4.2 illustrates data description of this research with respect to the research variables: Entrepreneurial Characteristics, Entrepreneurial Competencies, Business Strategy and Business Performance.



|                                   |                | ENTREPRENEURIAL<br>CHARACTERISTICS<br>(X1) | ENTREPRENEURIAL<br>COMPETENCIES<br>(X2) | BUSINESS<br>STRATEGY<br>(X3) | BUSINESS<br>PERFORMANCE<br>(Y) |
|-----------------------------------|----------------|--|---|------------------------------|--------------------------------|
| <b>N</b>                          | <b>Valid</b>   | 33   | 33                                      | 33                           | 33                             |
|                                   | <b>Missing</b> | 0  | 0                                       | 0                            | 0                              |
| <b>Mean</b>                       |                | 26,21                                      | 25,70                                   | 33,55                        | 12,79                          |
| <b>Std. Error of<br/>Mean</b>     |                | ,448                                       | ,476                                    | ,739                         | ,307                           |
| <b>Median</b>                     |                | 26,00                                      | 26,00                                   | 32,00                        | 13,00                          |
| <b>Std. Deviation</b>             |                | 2,571                                      | 2,733                                   | 4,243                        | 1,763                          |
| <b>Variance</b>                   |                | 6,610                                      | 7,468                                   | 18,006                       | 3,110                          |
| <b>Skewness</b>                   |                | -,109                                      | -,287                                   | ,039                         | -,494                          |
| <b>Std. Error of<br/>Skewness</b> |                | ,409                                       | ,409                                    | ,409                         | ,409                           |
| <b>Kurtosis</b>                   |                | -1,036                                     | ,115                                    | -,718                        | -,056                          |
| <b>Std. Error of<br/>Kurtosis</b> |                | ,798                                       | ,798                                    | ,798                         | ,798                           |
| <b>Range</b>                      |                | 9  | 11                                      | 15                           | 7                              |
| <b>Minimum</b>                    |                | 21   | 19                                      | 25                           | 8                              |
| <b>Maximum</b>                    |                | 30   | 30                                      | 40                           | 15                             |
| <b>Sum</b>                        |                | 865  | 848                                     | 1107                         | 422                            |

Table 4.2 Descriptive Data of Research Variables

Descriptive statistics result indicated 33 respondents as a representative of Indonesian companies agreed to become respondents of this business research. Part II of the questionnaire consists of 4 sections (Entrepreneurial Characteristics, Entrepreneurial Competencies, Business Strategy, and Business Performance) and 23 questions.

This research data distributed normal with 3 variables : Entrepreneurial Characteristics, Entrepreneurial Competencies, and Business Performance have negative skew and 1 variable : Business Strategy has a positive skew. Negative skew refers to a longer tail on the left side of the normal distribution, while positive skew refers to a longer tail on the right side of the normal distribution as shown in Figure 4.9. These two skews

refer to the direction or weight of the distribution. If the skewness of normal distribution is between -0.5 and 0.5, distribution data is almost symmetrical (Suvarna Gawali, 2021).

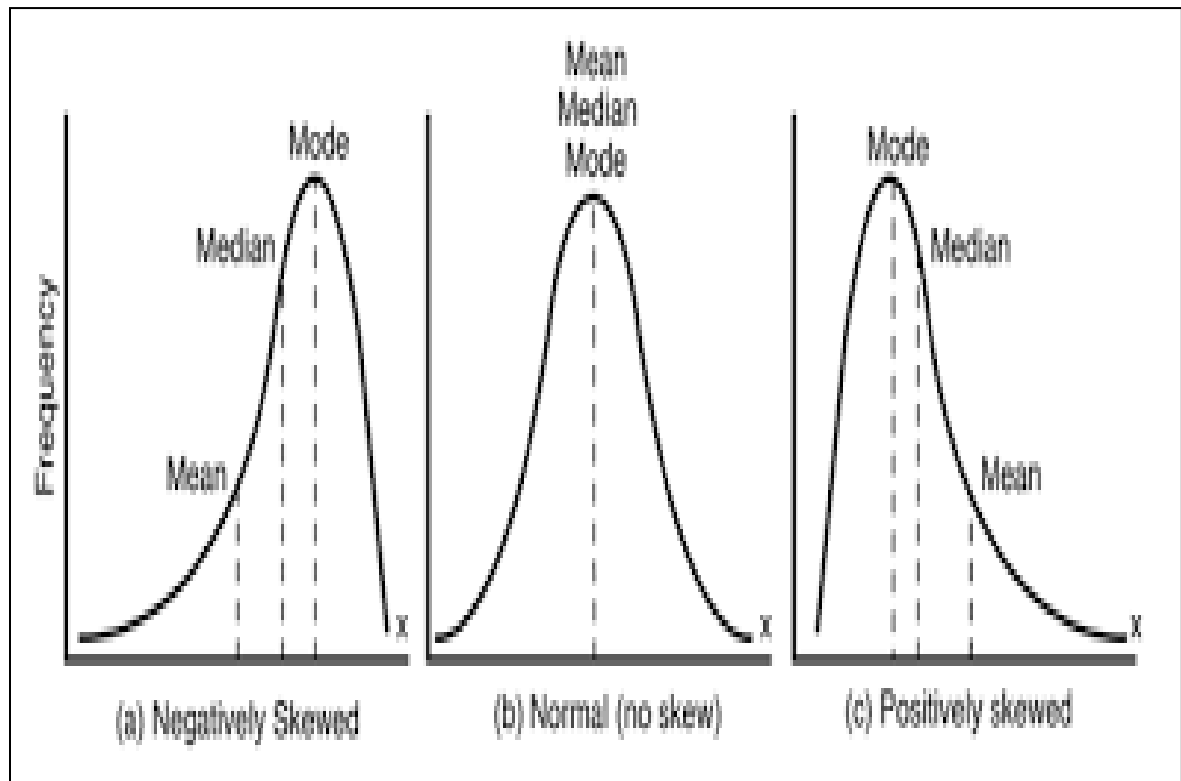


Figure 4.9 Weight Distribution of Normal Distribution

#### 4.2.2.1 Entrepreneurial Characteristics Variable

Entrepreneurial Characteristics variable has value maximum is 30, lowest value is 21, and total value is 865. Mean is 26.21, Median is 26, and standard deviation is 2.571. Research data result of this variable indicated skewness data distribution is -0.109 which refers data distributed normal symmetrically with  $\text{mean} < \text{median} < \text{mode}$ . Most respondents in this variable study scored above the mean and median which means most respondents give high score for this research variable.

#### **4.2.2.2 Entrepreneurial Competencies Variable**

The Entrepreneurial Competencies variable has value maximum is 30, lowest value is 19, and total value is 848. Mean is 25.70, Median is 26, and standard deviation is 2.733. Research data result of this variable indicated skewness data distribution is -0.287 which refers data distributed normal symmetrically with  $\text{mean} < \text{median} < \text{mode}$ . Most respondents in this variable study scored above the mean and median which means most respondents give high score for this research variable.

#### **4.2.2.3 Business Strategy Variable**

The Business Strategy variable has value maximum is 40, lowest value is 25, and total value is 1107. Mean is 33.55, Median is 32, and standard deviation is 4.243. Research data result of this variable indicated skewness data distribution is 0.039 which refers data distributed normal symmetrically with  $\text{mean} > \text{median} > \text{mode}$ . Most respondents in this variable study scored below the median and mean which means most respondents give low score for this research variable.

#### **4.2.2.4 Business Performance Variable**

The Business Performance variable has value maximum is 15, lowest value is 8, and total value is 422. Mean is 12.79, Median is 13, and standard deviation is 1.763. Research data result of this variable indicated skewness data distribution is -0.494 which

refers data distributed normal symmetrically with mean < median < mode. Most respondents in this variable study scored above the mean and median which means most respondents give high score for this research variable.

### **4.3. Hypothesis and Research Questions**

In this section, the empirical findings will provide answers to the hypothesis and research questions stated in Chapter 3 of Research Methodology. To understand the relationship among of these four research variables in this research which is consist of 3 independent variables: Entrepreneurial Characteristics ( $X_1$ ), Entrepreneurial Competencies ( $X_2$ ), Business Strategy ( $X_3$ ), and 1 dependent variable: Business Performance (Y) of Indonesian Companies in Vietnam. These four variables led to the development of four hypotheses that will verify and validate through statistical tests.

Hypothesis 1 (H1) : There are simultaneous positive relationships among Entrepreneurial Characteristics, Entrepreneurial Competencies, Business Strategy, and Business Performance.

Hypothesis 2 (H2) : There is a positive relationship between Entrepreneurial Characteristics and Business Performance.

Hypothesis 3 (H3) : There is a positive relationship between Entrepreneurial Competencies and Business Performance.

Hypothesis 4 (H4) : There is a positive relationship between Business strategy and Business Performance.

The Validity and Reliability of the scales used in research are essential factors that enable the research to yield beneficial results. For this reason, it is useful to understand how researchers correctly measure the Validity and Reliability of the scales. Whether true or not the data is highly dependent on true or not the research instrument. The primary purpose of this section is to provide the test result of Validity and Reliability of this business research (Sürücü and Maslakci, 2020, p. 2694).

#### **4.3.1 Research Validity Test (Corrected Item- Total Correlation)**

Validity is a measure of the degree of validity or the validity of a research instrument. An instrument is said to be valid if it can measure what is to be measured and if can reveal the data of the variables studied.

Result of a questionnaire validated with corrected item- total correlation method by SPSS version 20 software. The instrument is valid if the  $r$  count  $>$   $r$  table with significant value 0.05. if  $r$  count  $<$   $r$  table with significant value 0.05, the research instrument is not valid.

The amount of sample in this research ( $N$ ) is 33 thus the Degree of Freedom ( $DF$ ) is  $33-2 = 31$ . From the  $R$  table with significant value 0.05, will get  $R$  table value is 0.355 (SPSS, 2023). Therefore, the questionnaire instrument of this research is considered valid if value of Corrected Item- Total Correlation  $>$   $R$  Table 0.355.

#### 4.3.1.1 Entrepreneurial Characteristics Research Validity Test Result

Focus on Entrepreneurial Characteristics variable with 6 indicators in this business research are meaningful, accurate and justifiable through a high level of validity of research construction with values of Corrected Item- Total Correlation (lowest value is 0.491 and highest values is 0.703) are higher than R table value 0.355 as shown in Table 4.3.

To conclude, all 6 indicators of Entrepreneurial Characteristics variable possessed an appropriate level of content validity to which the indicators of this this research will be generalized.

|        | Research Indicator   | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Cronbach's Alpha if Item Deleted |
|--------|--|----------------------------|--------------------------------|----------------------------------|----------------------------------|
| X1.1.1 | I'm self-confidence and responsible people                       | 191,82                     | 382,903                        | ,613                             | ,751                             |
| X1.1.2 | I have personal passion to complete the project                  | 191,82                     | 384,091                        | ,491                             | ,753                             |
| X1.2.1 | I'd like to take a business risk and seize the opportunity       | 191,82                     | 379,028                        | ,660                             | ,749                             |
| X1.2.2 | I'm normally thinking flexible and out of box                    | 191,85                     | 383,695                        | ,514                             | ,752                             |
| X1.3.1 | I have expertise in management and do it efficiently             | 191,97                     | 376,343                        | ,703                             | ,747                             |
| X1.3.2 | I'm socialized people and easy to build relationship in business | 191,97                     | 379,905                        | ,610                             | ,750                             |

Table 4.3 Validity and Reliability Test Result of Entrepreneurial Characteristics (X<sub>1</sub>)

#### 4.3.1.2 Entrepreneurial Competencies Research Validity Test Result

Focus on Entrepreneurial Competencies variable with 6 indicators in this business research are meaningful, accurate and justifiable through a high level of validity of research construction with values of Corrected Item- Total Correlation (lowest value is 0.547 and highest value is 0.812) are higher than R table value 0.355 as shown in Table 4.4.

To conclude, all 6 indicators of Entrepreneurial Competencies variable possessed an appropriate level of content validity to which the indicators of this this research will be generalized.

|        | <b>Research Indicator</b>                                 | <b>Scale Mean if Item Deleted</b> | <b>Scale Variance if Item Deleted</b> | <b>Corrected Item-Total Correlation</b> | <b>Cronbach's Alpha if Item Deleted</b> |
|--------|---|-----------------------------------|---------------------------------------|---|---|
| X2.1.1 | I can take initiative and seeking opportunity in business | 191,91                            | 383,335                               | ,547                                    | ,752                                    |
| X2.1.2 | I'm full commitment and persistence in doing business     | 191,88                            | 376,860                               | ,767                                    | ,747                                    |
| X2.2.1 | I'm independence and self-confidence in doing business    | 192,00                            | 377,188                               | ,739                                    | ,747                                    |
| X2.2.2 | I'm persuasive and easy build networking                  | 192,09                            | 375,335                               | ,812                                    | ,746                                    |
| X2.3.1 | I always seeking information to achieve my goals          | 191,91                            | 380,523                               | ,682                                    | ,750                                    |
| X2.3.2 | I'm well organize, systematic in planning and monitoring  | 191,97                            | 380,218                               | ,654                                    | ,750                                    |

Table 4.4 Validity and Reliability Test Result of Entrepreneurial Competencies (X<sub>2</sub>)

#### 4.3.1.3 Business Strategy Research Validity Test Result

Focus on Business Strategy variable with 8 indicators in this business research are meaningful, accurate and justifiable through a high level of validity of research construction with values of Corrected Item- Total Correlation (lowest value is 0.516 and highest value is 0.759) are higher than R table value 0.355 as shown in Table 4.5.

To conclude, all 8 indicators of Business Strategy variable possessed an appropriate level of content validity to which the indicators of this this research will be generalized.

|        | Research Indicator  | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Cronbach's Alpha if Item Deleted |
|--------|---|----------------------------|--------------------------------|----------------------------------|----------------------------------|
| X3.1.1 | Company uses economic scale to sell more products                   | 192,09                     | 372,898                        | ,705                             | ,745                             |
| X3.1.2 | Company makes sales program and promotion with price discount       | 192,33                     | 371,479                        | ,708                             | ,744                             |
| X3.2.1 | Company continues exploring new markets to get new customers        | 191,76                     | 375,127                        | ,759                             | ,746                             |
| X3.2.2 | Company continues make product improvement to appeal more customers | 191,85                     | 378,758                        | ,581                             | ,749                             |
| X3.3.1 | Company develops new versions of existing product                   | 191,94                     | 379,934                        | ,598                             | ,750                             |
| X3.3.2 | Company updates new feature to existing product                     | 191,91                     | 379,710                        | ,599                             | ,749                             |
| X3.4.1 | Company enters a new market with a new product                      | 192,27                     | 378,642                        | ,532                             | ,749                             |
| X3.4.2 | Company enters a new market with an existing product                | 192,24                     | 378,689                        | ,516                             | ,749                             |

Table 4.5 Validity and Reliability Test Result of Business Strategy (X<sub>3</sub>)

#### 4.3.1.4 Business Performance Research Validity Test Result

Focus on Business Performance variable with 3 indicators in this business research are meaningful, accurate and justifiable through a high level of validity of research construction with values of Corrected Item- Total Correlation (lowest value is 0.609 and highest value is 0.711) are higher than R table value 0.355 as shown in Table 4.6.

To conclude, all 3 indicators of Business Performance variable possessed an appropriate level of content validity to which the indicators of this this research will be generalized.



|      | Research Indicator  | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Cronbach's Alpha if Item Deleted |
|------|---|----------------------------|--------------------------------|----------------------------------|----------------------------------|
| Y1.1 | Company has an entrepreneurial strategy to increase sales revenue | 191,88                     | 376,735                        | ,711                             | ,747                             |
| Y2.1 | Company sustains and making profit in business                    | 192,00                     | 370,938                        | ,704                             | ,743                             |
| Y3.1 | Company strives to increase market share consistently             | 192,06                     | 378,559                        | ,609                             | ,749                             |

Table 4.6 Validity and Reliability Test Result of Business Performance (Y)

### 4.3.2 Research Reliability Test (Cronbach's Alpha)

Cronbach's alpha ( $\alpha$ ) estimates the proportion of variance in the test scores that can be attributed to true score variance. Cronbach's alpha is to measure internal consistency of each variable indicator in research. It is a measure of scale reliability. Generally, value:

- a. Cronbach's alpha ( $\alpha$ ) > 0.6, variable indicators in research are reliable
- b. Cronbach's alpha ( $\alpha$ ) < 0.6, variable indicators in research are not reliable

#### 4.3.2.1 Entrepreneurial Characteristics Reliability Test (Cronbach's Alpha)

From Cronbach's alpha ( $\alpha$ ) test shown in Table 4.3, it was found that 6 indicators of Entrepreneurial Characteristics variable in this business research have high internal consistency (Cronbach's alpha ( $\alpha$ ) value > 0.6) and thus all data is considered reliable. In Entrepreneurial Characteristics variable, lowest Cronbach's alpha ( $\alpha$ ) value is 0.747 and highest Cronbach's alpha ( $\alpha$ ) value is 0.753.

#### **4.3.2.2 Entrepreneurial Competencies Reliability Test (Cronbach's Alpha)**

From Cronbach's alpha ( $\alpha$ ) test shown in Table 4.4, it was found that 6 indicators of Entrepreneurial Competencies variable in this business research have high internal consistency (Cronbach's alpha ( $\alpha$ ) value  $> 0.6$ ) and thus all data is considered reliable. In Entrepreneurial Competencies variable, lowest Cronbach's alpha ( $\alpha$ ) value is 0.746 and highest Cronbach's alpha ( $\alpha$ ) value is 0.752.

#### **4.3.2.3 Business Strategy Reliability Test (Cronbach's Alpha)**

From Cronbach's alpha ( $\alpha$ ) test shown in Table 4.5, it was found that 8 indicators of Business Strategy variable in this business research have high internal consistency (Cronbach's alpha ( $\alpha$ ) value  $> 0.6$ ) and thus all data is considered reliable. In Business Strategy variable, lowest Cronbach's alpha ( $\alpha$ ) value is 0.744 and highest Cronbach's alpha ( $\alpha$ ) value is 0.750.

#### **4.3.2.4 Business Performance Reliability Test (Cronbach's Alpha)**

From Cronbach's alpha ( $\alpha$ ) test shown in Table 4.6, it was found that 3 indicators of Business Performance variable in this business research have high internal consistency (Cronbach's alpha ( $\alpha$ ) value  $> 0.6$ ) and thus all data is considered reliable. In Business Performance variable, lowest Cronbach's alpha ( $\alpha$ ) value is 0.743 and highest Cronbach's alpha ( $\alpha$ ) value is 0.749.

### 4.3.3 Research Multicollinearity Test

Multicollinearity exists whenever an independent variable is highly correlated with one to another independent variables in regression model. Multicollinearity is a problem in regression model of a research since it undermines the statistical significance of an independent variable. It makes it hard to interpret regression model and creates an overfitting problem.

In this research use Variance Inflation Factor (VIF) and Tolerance to check multicollinearity of research variables (Imam Ghozali, 2018, p. 107). Both are based on R-squared value obtained by regressing a predictor on the other predictors on the analysis. Tolerance is the reciprocal of VIF (Tolerance =  $1/VIF$ ).

Use SPSS program to run multicollinearity test for all research variables with test result is shown in Table 4.7.

| Model                                | Unstandardized Coefficients |            | Standardized Coefficients | t     | Sig. | Collinearity Statistics |       |
|--------------------------------------|-----------------------------|------------|---------------------------|-------|------|-------------------------|-------|
|                                      | B                           | Std. Error | Beta                      |       |      | Tolerance               | VIF   |
| 1<br>(Constant)                      | -1,830                      | 1,908      |                           | -,959 | ,346 |                         |       |
| ENTREPRENEURIAL CHARACTERISTICS (X1) | ,111                        | ,118       | ,162                      | ,944  | ,353 | ,356                    | 2,808 |
| ENTREPRENEURIAL COMPETENCIES (X2)    | ,288                        | ,127       | ,446                      | 2,273 | ,031 | ,274                    | 3,647 |
| BUSINESS STRATEGY (X3)               | ,128                        | ,061       | ,309                      | 2,094 | ,045 | ,485                    | 2,060 |

Table 4.7 Multicollinearity Test Result

#### **4.3.3.1 VIF Value**

All 3 independent research variables of this research show VIF lower than 10, lowest value of VIF is 2.060 and highest value of VIF is 3.647. To conclude, all 3 independent research variables are not correlated, or any multicollinearity phenomenon found in regression model. Thus, all variables can be interpreted correctly according to research purposes.

#### **4.3.3.2 Tolerance Value**

All 3 independent research variables of this research show Tolerance value higher than 0.1, lowest value of Tolerance is 0.274 and highest value of Tolerance is 0.485. To conclude, all 3 independent research variables are not correlated, nor is there no multicollinearity phenomenon found in the regression model. Thus, all variables can be interpreted correctly according to research purposes.

#### **4.3.4 Research Heteroscedasticity Test**

The Heteroscedasticity test is useful to examine whether there is a difference in the residual variance of the observation period to another period of observation. Good research using regression model must be free from heteroscedasticity phenomenon.

The Heteroscedasticity test method applied in this research is the Glejser method test. Glejser method test conducted by regressing absolute residual value of the independent

variable with regression equation is  $U_t = A + B X_t = v_i$ . If the value  $\text{Sig.} > 0.05$ , no heteroscedasticity in research.

Heteroscedasticity test results according to Table 4.8 for all 3 independent research variables show significance values are higher than 0.05 which means no heteroscedasticity phenomenon happened to all 3 research variables. Thus, the regression model of this research is valid to use for making research conclusions.

| Model                                | Unstandardized Coefficients |            | Standardized Coefficients | t     | Sig.  | Collinearity Statistics |       |
|--------------------------------------|-----------------------------|------------|---------------------------|-------|-------|-------------------------|-------|
|                                      | B                           | Std. Error | Beta                      |       |       | Tolerance               | VIF   |
| 1                                    |                             |            |                           |       |       |                         |       |
| (Constant)                           | -8,697E-16                  | 1,908      |                           | ,000  | 1,000 |                         |       |
| ENTREPRENEURIAL CHARACTERISTICS (X1) | 0,000                       | ,118       | 0,000                     | 0,000 | 1,000 | ,356                    | 2,808 |
| ENTREPRENEURIAL COMPETENCIES (X2)    | 0,000                       | ,127       | 0,000                     | 0,000 | 1,000 | ,274                    | 3,647 |
| BUSINESS STRATEGY (X3)               | 0,000                       | ,061       | 0,000                     | 0,000 | 1,000 | ,485                    | 2,060 |

Table 4.8 Heteroscedasticity Test Result

#### 4.3.5 Research Hypothesis Test

The purpose of Hypothesis Test is to find the answer to research questions by formalized research hypothesis. The Hypothesis Test is used to evaluate the result of the survey to see if the survey has meaningful results. Hypothesis test is a statistical analysis

in which assumptions about a population parameter are made in the test. In this research we conduct two hypothesis tests: F- Test and t- test.

#### **4.3.5.1 Simultaneous Research Hypothesis**

Hypothesis 1 (H1) : There are simultaneous positive relationships among Entrepreneurial Characteristics, Entrepreneurial Competencies, Business Strategy, and Business Performance.

#### **4.3.5.2 Partial Research Hypothesis**

Hypothesis 2 (H2) : There is a positive relationship between Entrepreneurial Characteristics and Business Performance.

Hypothesis 3 (H3) : There is a positive relationship between Entrepreneurial Competencies and Business Performance.

Hypothesis 4 (H4) : There is a positive relationship between Business strategy and Business Performance.

#### **4.3.5.3 Simultaneous Hypothesis Test (F Test)**

The F- Test of overall significance indicates whether the linier regression model of the research provides a better fit to the data than a model that contains no independent

variable. Decision process in F- Test result will be based on 2 values: Significant value and F value.

### **A. Significant Value**

If the Significant value (Sig.) is less than 0.05, Hypothesis is acceptable. It means that there are simultaneous positive relationships of independent variables: Entrepreneurial Characteristics ( $X_1$ ), Entrepreneurial Competencies ( $X_2$ ), Business Strategy ( $X_3$ ), to dependent variable: Business Performance (Y).

### **B. F value**

The value calculated from research data is called the F Statistic or F value. The F table value is a specific value in comparison to F-value. In general, if the F value is a test is larger than F table value, hypothesis is accepted.

In this research, we are using F Table (2.92). therefore, If the F value  $>$  F table (2.92), Hypothesis is acceptable. It means that there are simultaneous positive relationships of independent variables: Entrepreneurial Characteristics ( $X_1$ ), Entrepreneurial Competencies ( $X_2$ ), Business Strategy ( $X_3$ ), to dependent variable: Business Performance (Y).

### C. Simultaneous Hypothesis Test Result

| Model        | Sum of Squares | df | Mean Square | F      | Sig.              |
|--------------|----------------|----|-------------|--------|-------------------|
| 1 Regression | 69,071         | 3  | 23,024      | 21,932 | .000 <sup>b</sup> |
| Residual     | 30,444         | 29 | 1,050       |        |                   |
| Total        | 99,515         | 32 |             |        |                   |

Table 4.9 F- Test result

F Test is conducted using SPSS software as shown in Table 4.9 give Significant value (Sig.) is 0 which is less than 0.05, Hypothesis is acceptable. And the F value is 21.932, which is higher than F Table (2.92). Therefore, Hypothesis 1 (H1) : There are simultaneous positive relationships among Entrepreneurial Characteristics, Entrepreneurial Competencies, Business Strategy, and Business Performance is accepted.

To conclude F Test (Simultaneous Hypothesis test) for all research variables in this research, there are simultaneous positive relationships of independent variables: Entrepreneurial Characteristics ( $X_1$ ), Entrepreneurial Competencies ( $X_2$ ), Business Strategy ( $X_3$ ), to dependent variable: Business Performance (Y).

#### 4.3.5.4 Partial Hypothesis Test (t Test)

A t-test is a statistical test that is often used in hypothesis testing to evaluate differences between the means (averages) of two groups. The decision process in the t-test consists of 2 values: Significant value and t-value.



### **A. Significant Value**

If the Significant value Sig. is less than probability 0.05, Hypothesis is acceptable. It means there are partial positive relationships of independent variables: Entrepreneurial Characteristics ( $X_1$ ), Entrepreneurial Competencies ( $X_2$ ), Business Strategy ( $X_3$ ), to dependent variable: Business Performance (Y).

### **B. t-value**

t-value measures the size of the difference relative to the variance in research data. The t table value is a specific value in comparison to t-value. In general, if the t- value is a test is larger than t table value, hypothesis is accepted.

In this research, we are using t- table of (0.025,29) is 2.045. Therefore, If the t-value  $>$  t- table (2.045), Hypothesis is acceptable. It means that there are partial positive relationships of each independent variable: Entrepreneurial Characteristics ( $X_1$ ), Entrepreneurial Competencies ( $X_2$ ), Business Strategy ( $X_3$ ), to dependent variable: Business Performance (Y).

### **C. Partial Hypothesis Test Result**

The t-test conducted using SPSS software as shown in Table 4.10 constructed linier regression model for this business research as  $Y = -1.830 + 0.111X_1 + 0.288X_2 + 0.128X_3$ . The negative Constanta (-1.830) in linier regression can omit in research analysis since no

has impact practical in the business research (Allen and Stone, 2005, pp. 379–384). This linier regression model indicates that each independent research variables : Entrepreneurial Characteristics ( $X_1$ ), Entrepreneurial Competencies ( $X_2$ ), Business Strategy ( $X_3$ ) has different influence on dependent variable: Business Performance (Y).

| Model                                | Unstandardized Coefficients |            | Standar dized Coefficients | t     | Sig. | Collinearity Statistics |       |
|--------------------------------------|-----------------------------|------------|----------------------------|-------|------|-------------------------|-------|
|                                      | B                           | Std. Error | Beta                       |       |      | Tolerance               | VIF   |
| 1 (Constant)                         | -1,830                      | 1,908      |                            | -,959 | ,346 |                         |       |
| ENTREPRENEURIAL CHARACTERISTICS (X1) | ,111                        | ,118       | ,162                       | ,944  | ,353 | ,356                    | 2,808 |
| ENTREPRENEURIAL COMPETENCIES (X2)    | ,288                        | ,127       | ,446                       | 2,273 | ,031 | ,274                    | 3,647 |
| BUSINESS STRATEGY (X3)               | ,128                        | ,061       | ,309                       | 2,094 | ,045 | ,485                    | 2,060 |

Table 4.10 Partial Hypothesis Test Result (t- test result)

The t-test result shown in Table 4.10 also answers Hypothesis 2, Hypothesis 3, and Hypothesis 4 related to relationship between each independent variable to dependent variable of this research.

### C.1 Hypothesis 2

The t-test result shown in Table 4.10 indicated Significant value (Sig.) of Entrepreneurial Characteristics variable ( $X_1$ ) is 0.353 which is higher than 0.05 and the t-value is 0.944 which is lower than the t-table 2.045. Thus, this result rejects the Hypothesis

2 (H2) : There is a positive relationship between Entrepreneurial Characteristics and Business Performance.

### **C.2 Hypothesis 3**

The t-test result shown in Table 4.10 indicated Significant value (Sig.) of Entrepreneurial Competencies variable ( $X_2$ ) is 0.031 which is lower than 0.05 and the t-value is 2.273 which is higher than the t-table 2.045. Thus, this result accepts the Hypothesis 3 (H3): There is a positive relationship between Entrepreneurial Competencies and Business Performance.

### **C.3 Hypothesis 4**

The t-test result shown in Table 4.10 indicated Significant value (Sig.) of Entrepreneurial Competencies variable ( $X_2$ ) is 0.045 which is lower than 0.05 and the t-value is 2.094 which is higher than the t-table 2.045. Thus, this result accepts the Hypothesis 4 (H4): There is a positive relationship between Business strategy and Business Performance.

### **4.3.6 Conclusions on the Hypothesis and Research Questions**

This chapter provided answers to the hypothesis and research questions stated in chapter three in this dissertation. Four hypotheses were established with regards to

Entrepreneurial Characteristics, Entrepreneurial Competencies, Business Strategy, and Business Performance. These results revealed that:

1. There is a simultaneous positive relationship among Entrepreneurial Characteristics, Entrepreneurial Competencies, Business Strategy, and Business Performance.
2. There is a very less positive relationship between Entrepreneurial Characteristics and Business Performance.
3. There is a positive relationship between Entrepreneurial Competencies and Business Performance.
4. There is a positive relationship between Business strategy and Business Performance.
5. Furthermore, with respect to the research questions, four questions were established. Answer of the first question that has a positive simultaneous relationship among all four variables of research: Entrepreneurial Characteristics, Entrepreneurial Competencies, Business Strategy, and Business Performance. But when Entrepreneurial Characteristics linked to Business Performance as two variables interaction in this research, Entrepreneurial Characteristics variable does not give significant impact to Business Performance. While research variables interaction between Entrepreneurial Competencies and Business Performance, and Business Strategy with Business Performance shown a significant impact.
6. This business research gives linear regression model for Business Performance of Indonesian Companies in Vietnam as  $Y = -1.830 + 0.111X_1 + 0.288X_2 + 0.128X_3$ . Which are Business Competencies become the biggest driver give impact to

Business Performance, Business Strategy as second biggest driver and Entrepreneur Characteristics give very least impact to business performance.

#### **4.4 Chapter Summary**

This chapter examined the primary research findings from the questionnaire administered to 40 company leaders of Indonesian companies who have business and operation in Vietnam. The chapter begins by determining the response rates from the company leaders of Indonesian companies in Vietnam, of 40 questionnaires released, only 33 agreed to become respondent of this business research and all questionnaires become a sample population of this research. Empirical findings are divided into Section A (Research Descriptive Statistics) and Section B (Hypothesis and Research Questions).

**Section A** is descriptive statistics of this research by providing a summary data from the research which is applied to Indonesian companies. This section consists of eleven sub-sections.

1. The research general information with respect to the population size, sample size, gender, ages, education background, company establishment, size of company, segment, company revenue and business coverage.
2. The respondent gender of Indonesian company leader in Vietnam which is still dominated by male around 97%.
3. Ages of respondent. All Indonesian entrepreneurs/ company leaders in Vietnam has quite balance between Gen-X (48.5%) and Millennial Generation (51.5%). This

information shows Indonesian entrepreneurs in Vietnam come from energetic and young generation.

4. Education background of Indonesian entrepreneurs in Vietnam. 97% have minimum education bachelor's degree to doctoral degree, most of Indonesian entrepreneurs in Vietnam is well educated.
5. The year of company establishment in Vietnam. Many Indonesian entrepreneurs look Vietnam as their production base of their business for long time ago with indication 81.8% of Indonesian companies are already operated more than 10 years.
6. Number of employees and business sector. Indonesian entrepreneurs/ companies are looking for labor competitiveness and Vietnam population to expand their business in Southeast Asia region therefore 94% of Indonesian companies are in Manufacturing and Service sectors with high labor employment.
7. Business revenue and business coverage area. 77.5% of Indonesian companies have revenue per year more than 100 billion VND (medium to large enterprises) and 70% of these companies are operates and sale their product in whole Vietnam.
8. Data description of entrepreneurial characteristics variable distribute normal symmetrically with maximum value is 30, lowest value is 21, and total value is 865.
9. Data description of entrepreneurial competencies variable distribute normal symmetrically with maximum value is 30, lowest value is 19, and total value is 848.
10. Data description of business strategy variable distribute normal symmetrically with maximum value is 40, lowest value is 25, and total value is 1107.
11. Data description of business performance variable distribute normal symmetrically with maximum value is 15, lowest value is 8, and total value is 422.

**Section B** provides empirical findings and answers to hypotheses and research questions stated in Chapter Research Methodology. There are fourteen sub sections in Section B.

1. Validity test result of Entrepreneurial Characteristics variable, all 6 indicators of value higher than 0.355 with lowest 0.491 and highest 0.703. It means Entrepreneurial Characteristics variable is valid to use as one of research variable.
2. Validity test result of Entrepreneurial Competencies variable, all 6 indicators of value higher than 0.355 with lowest 0.547 and highest 0.812. It means Entrepreneurial Competencies variable is valid to use as one of research variable.
3. Validity test result of Business Strategy variable, all 8 indicators of value higher than 0.355 with lowest 0.516 and highest 0.759. It means Business Strategy variable is valid to use as one of research variable.
4. Validity test result of Business Performance variable, all 3 indicators of value higher than 0.355 with lowest 0.609 and highest 0.711. It means Business Strategy variable is valid to use as one of research variable.
5. The Reliability test result of Entrepreneurial Characteristics variable, all 6 indicators of Cronbach's Alpha ( $\alpha$ ) value higher than 0.6 with lowest 0.747 and highest 0.753. It means Entrepreneurial Characteristics variable have a high internal consistency and reliable to use as one of research variable.
6. The Reliability test result of Entrepreneurial Competencies variable, all 6 indicators of Cronbach's Alpha ( $\alpha$ ) value higher than 0.6 with lowest 0.746 and highest 0.752. It means Entrepreneurial Competencies variable have a high internal consistency and reliable to use as one of research variable.

7. The Reliability test result of Business Strategy variable, all 8 indicators of Cronbach's Alpha ( $\alpha$ ) value higher than 0.6 with lowest 0.744 and highest 0.750. It means Business Strategy variable have a high internal consistency and are reliable to use as one of research variable.
8. The Reliability test result of Business Performance variable, all 3 indicators of Cronbach's Alpha ( $\alpha$ ) value higher than 0.6 with lowest 0.743 and highest 0.749. It means Business Strategy variable have a high internal consistency and are reliable to use as one of research variables.
9. Multicollinearity test result. Use two measurement criteria: VIF value and Tolerance value. VIF value criteria: All 3 independent variables have VIF lower than 10 with lowest VIF value is 2.060 and highest VIF value is 3.647. Tolerance value criteria : All 3 independent variables have a Tolerance value higher than 0.1 with lowest Tolerance value is 0.274 and highest Tolerance value is 0.485. To conclude, all 3 independent research variables are not correlated, nor are there multicollinearity phenomenon found in regression model. Thus, all variables can be interpreted correctly according to research purposes.
10. Heteroscedasticity Test result. All 3 independent research variables show significance values higher than 0.05 which means no heteroscedasticity phenomenon happened to all 3 research variables. Thus, the regression model of this research is valid to use for making research conclusions.
11. Simultaneous Hypothesis test result. Use two measurement criteria: Significant value and F value. Significant value is less than 0.05 and F value is 21.932 which is higher than F table (2.92). Based on that result, Hypothesis 1 (H1) : There are



simultaneous positive relationships among Entrepreneurial Characteristics, Entrepreneurial Competencies, Business Strategy, and Business Performance is accepted.

12. Partial Hypothesis test result for Hypothesis 2. The t-test result indicated Significant value (Sig.) of Entrepreneurial Characteristics variable ( $X_1$ ) is 0.353 which is higher than 0.05 and the t-value is 0.944 which is lower than the t-table 2.045. Thus, based on this result the Hypothesis 2 (H2) : There is a positive relationship between Entrepreneurial Characteristics and Business Performance is rejected.
13. Partial Hypothesis test result for Hypothesis 3. The t-test result indicated Significant value (Sig.) of Entrepreneurial Competencies variable ( $X_2$ ) is 0.031 which is lower than 0.05 and the t-value is 2.273 which is higher than the t-table 2.045. Thus, with this result the Hypothesis 3 (H3) : There is a positive relationship between Entrepreneurial Competencies and Business Performance is accepted.
14. Partial Hypothesis test result for Hypothesis 4. The t-test result indicated Significant value (Sig.) of Entrepreneurial Competencies variable ( $X_2$ ) is 0.045 which is lower than 0.05 and the t-value is 2.094 which is higher than the t-table 2.045. Thus, with this result the Hypothesis 4 (H4) : There is a positive relationship between Business strategy and Business Performance is accepted.

## CHAPTER 5

### DISCUSSION, IMPLICATIONS, AND CONCLUSIONS

#### 5.1 Introduction

This business research has objective to determine effect of entrepreneurial characteristics, entrepreneurial competencies, and business strategy on business performance of Indonesian companies in Vietnam. As result, there are four research questions that were addressed at the beginning of this research in Chapter 1 as below:

1. Is there a positive simultaneous relationship among Entrepreneurial Characteristics, Entrepreneurial Competencies, Business Strategy, and Business Performance?
2. Is there a positive relationship between Entrepreneurial Characteristics and Business Performance?
3. Is there a positive relationship between Entrepreneurial Competencies and Business Performance?
4. Is there a positive relationship between Business strategy and Business Performance?

All of these were addressed again in Chapter 4 along with the results of business research based on the findings obtained. From these empirical findings, answers to the research questions and hypothesis were established. These created the opportunity for

further discussions, the basis upon which this chapter draws on the overall conclusion while this research is proposing some recommendations.

The purpose of this chapter is to provide a discussion on the empirical findings established in Chapter 4, to provide conclusions and recommendations for further research. This chapter consists of five sections. Section 5.1 is chapter introduction. Section 5.2 will provide a discussion on the empirical findings. Section 5.3 will discuss the achievement of objectives. Section 5.4 will highlight the research implications. Section 5.5 will provide conclusions, examine the limitations of the research, and identify the areas for further research.

## **5.2 Discussions**

The questions in the questionnaire were grouped into seven sections. The discussions for each question will be presented with the research findings got in Chapter four and based on the objectives, hypotheses, research questions and literature review stated in the previous chapters.

### **5.2.1 General Information of the Indonesia entrepreneurs**

From the findings in chapter 4, gender existence of Indonesian's company leaders in Vietnam, 1 person is a female which indicated 3% of the survey population is female entrepreneur. This finding shows that Indonesian female business has similar capability and opportunity to lead company to do investment in Vietnam. The result and finding on

the age of entrepreneur showed Indonesian entrepreneurs/ company leaders in Vietnam dominated by Millennial Generation with 17 people (51.5%) and Gen- X with 16 people (48.5%). This research is aligned with business research conducted by Moore (Moore, 2008, p. 19) for ideal of entrepreneurial ages is between late 20 years old and 40 years old as the age ranges of confidence and wisdom.

Finding on educational qualifications of Indonesian entrepreneurs/ company leaders in Vietnam, all of Indonesian entrepreneurs in Vietnam are well educated with 32 people (97%) hold bachelor's until Doctoral degree qualification. This finding is aligned with previous research about education and entrepreneurship which are highly important for contribute to job creation and impact on poverty alleviation (Sarah and Alistair, 1999).

Regarding company year of establishment, 27 Indonesian companies (81.8%) has been operated for more than 10 years in Vietnam and 6 Indonesian companies (18.2%) are operated less than 10 years. This finding indicates many Indonesian entrepreneurs are already considered Vietnam for long time back as their target of company outbound investment. Furthermore, there is no clear relationship on the age of company with the risk of survival since new and old company are facing same risk of business survival (Persson, 2004).

For number of employees and businesses sector of Indonesian companies in Vietnam, 31 companies (94%) are in manufacturing, trade and business service sectors that required many employees. This finding indicated many Indonesian entrepreneurs use Vietnam as their outbound investment destination country to expand their market to international market and get efficiency from their investment. This finding is aligned with

the research result conducted by Masron related to FDI purposes (Masron, Zulkafli and Ibrahim, 2012).

In section of business revenue and area, 24 Indonesian companies have yearly revenue more than 100 billion VND (Vietnam Dong) and 23 of those Indonesian companies (70%) has business coverage to whole the Vietnam country. This finding shows that business expansion in revenue will come along with area of business coverage and aligned with business research conducted in Vietnam for Lotte group (Tien, 2020, pp. 20–23). The more business areas are covered, the more revenue will be gained in the business.

#### **5.2.1.1 Summary of Research General Information**

1. General Information of Indonesian included who are working in Indonesia companies or affiliates which data was included the gender, the ages, education background. The results revealed that 97% (32 person) are male, have a quite balance entrepreneurs' generation between Generation X (48.5%) and Millennials Generation (51.5%). All of them has minimum high school degree to make their own business and/ or lead the companies in Vietnam. No relationship found among entrepreneurs' gender, age, and education. This goes to show that the entrepreneur's gender and age does not affect their level of education and thus encourages entrepreneurs to consider learning as a part of ongoing business process, continue improve skills and manners in their business area.
2. General Information of Indonesian companies or affiliates which data included the year of establishment, the number of employees, business sector, company revenue,

and business coverage area. Finding from this study most of Indonesian companies (81.8%) are already operated more than 10 years in Vietnam, it shows Indonesian entrepreneurs for long time ago already looked at Vietnam as their outbound investment destination. The other findings on business focus on the secondary sector (manufacturing and industry) and tertiary sector (tourism, business service and real estate), employ many local workers with size of company from small-medium-large enterprises (96.8%), and almost 70% of Indonesian companies have country business coverage. Those findings show Indonesia companies/entrepreneurs use Vietnam demography outlook as key driver outbound investment in Vietnam (Grant Thornton, 2023).

### **5.2.2 Descriptive Data of Research Variables**

In this section we are focusing on discussion of main purpose of this business research: effect of entrepreneurial characteristics, entrepreneurial competencies, and business strategy on business performance of Indonesian companies in Vietnam. From statistics descriptive results indicates this research distributed normal symmetrically with skewness in the level -0.5 and 0.5 and all 33 respondents data are valid to proceed for the research (Suvana Gawali, 2021).

### 5.2.2.1 Entrepreneurial Characteristics Variable

Descriptive data result of entrepreneurial characteristics variable shows most respondents scored above median and mean values which means most respondents give high score for this research variable. In this business research, we are using six indicators in entrepreneurial characteristics variable. All these indicators have the value of Corrected Item- Total Correlation at lowest value is 0.491 and highest value is 0.703 which is higher than 0.355 as in R- table value. This result indicates all indicators used in entrepreneurial characteristics variable are valid to use in this business research.

Six indicators in entrepreneurial characteristics variable have lowest Cronbach's alpha ( $\alpha$ ) is 0.747 and highest Cronbach's alpha ( $\alpha$ ) is 0.753. This result indicates all indicators in entrepreneurial characteristics variable are performing consistently well or reliable use in this business research.

From multicollinearity test result shows Entrepreneurial characteristics variable is free from multicollinearity effect with value of VIF is 2.808 (less than 10) and value of Tolerance is 0.356 (higher than 0.1). This result means entrepreneurial characteristics variable is not correlated to other independent variables in linear regression equation use in this research, entrepreneurial characteristics will give significance statistical impact to this business research.

Entrepreneurial characteristics variable also goes through the heteroscedasticity test to examine whether there is a difference in the residual variance of entrepreneurial characteristics in the period of observation. The heteroscedasticity test shows the significance value of entrepreneurial characteristics variable is higher than 0.05. Thus,

entrepreneurial characteristics variable is valid to use in the regression model of this business research.

### **5.2.2.2 Entrepreneurial Competencies Variable**

Descriptive data result of entrepreneurial competencies variable shows most respondents scored above median and mean values which means most respondents give high score for this research variable. In this business research, we are using six indicators in entrepreneurial competencies variable. All these indicators have the value of Corrected Item- Total Correlation at lowest value is 0.547 and highest value is 0.812 which is higher than 0.355 as in R- table value. This result indicates all indicators used in entrepreneurial competencies variable are valid to use in this business research.

Six indicators in entrepreneurial competencies variable have lowest Cronbach's alpha ( $\alpha$ ) is 0.746 and highest Cronbach's alpha ( $\alpha$ ) is 0.752. This result indicates all indicators in entrepreneurial competencies are performing consistently well or reliable use in this business research.

From multicollinearity test result shows Entrepreneurial competencies variable is free from multicollinearity effect with value of VIF is 3.647 (less than 10) and value of Tolerance is 0.274 (higher than 0.1). This result means entrepreneurial competencies variable is not correlated to other independent variables in linear regression equation use in this research, entrepreneurial competencies variable will give significance statistical impact to this business research.



Entrepreneurial competencies variable also goes through the heteroscedasticity test to examine whether there is a difference in the residual variance of entrepreneurial competencies variable in the period of observation. The heteroscedasticity test shows the significance value of entrepreneurial competencies variable is higher than 0.05. Thus, entrepreneurial competencies variable is valid to use in the regression model of this business research.

### **5.2.2.3 Business Strategy Variable**

Descriptive data result of business strategy variable shows average respondents scored above median and mode values which means average respondents give high score for this research variable. In this business research, we are using eight indicators in business strategy variable. All these indicators have the value of Corrected Item- Total Correlation at lowest value is 0.516 and highest value is 0.759 which is higher than 0.355 as in R- table value. This result indicates all indicators used in business strategy variable are valid to use in this business research.

Eight indicators in business strategy variable have lowest Cronbach's alpha ( $\alpha$ ) is 0.744 and highest Cronbach's alpha ( $\alpha$ ) is 0.750. This result indicates all indicators in business strategy variable are performing consistently well or reliable use in this business research.

From multicollinearity test result shows business strategy variable is free from multicollinearity effect with value of VIF is 2.060 (less than 10) and value of Tolerance is 0.485 (higher than 0.1). This result means business strategy variable is not correlated to

other independent variables in linear regression equation used in this research, business strategy variable will give significance statistical impact to this business research.

Business strategy variable also goes through the heteroscedasticity test to examine whether there is a difference in the residual variance of business strategy variable in the period of observation. The heteroscedasticity test shows the significance value of business strategy variable is higher than 0.05. Thus, business strategy variable is valid to use in the regression model of this business research.

#### **5.2.2.4 Business Performance Variable**

Descriptive data result of business performance variable shows most respondents scored above median and mean values which means most respondents give high score for this research variable. In this business research, we are using three indicators in business performance variable. All these indicators have the value of Corrected Item- Total Correlation at lowest value is 0.609 and highest value is 0.711 which is higher than 0.355 as in R- table value. This result indicates all indicators used in business performance variable are valid to use in this business research.

Three indicators in business performance variable have lowest Cronbach's alpha ( $\alpha$ ) is 0.743 and highest Cronbach's alpha ( $\alpha$ ) is 0.749. This result indicates all indicators in business performance variable are performing consistently well or reliable use in this business research.

### 5.2.2.5 Summary of Descriptive Data

1. Most of the research respondents in this research give high scores to entrepreneurial characteristics variable. Six indicators of entrepreneurial characteristics are valid and reliable to use in this business research. Besides that, all 6 indicators are not correlated to other independent variables in this research and all data can be used in linear regression of business research. Thus, the underlying assumption that entrepreneurs need to have a required number of entrepreneurial characteristics vital to their long-term survival and a successful business in Vietnam.
2. Same view as entrepreneur characteristics variable, most of the research respondents in this research give high scores to entrepreneurial competencies variable. Six indicators of entrepreneurial competencies are valid and reliable to use in this business research. Besides that, all 6 indicators are not correlated to other independent variables in this research and all data can be used in linear regression of business research. Thus, the underlying assumption that entrepreneurs need to have a required number of entrepreneurial competencies vital to their long-term survival and a successful business in Vietnam.
3. In average of the research respondents view in this research give high scores to business strategy variable. Eight indicators of business strategy are valid and reliable to use in this business research. Besides that, all 8 indicators are not correlated to other independent variables in this research and all data can be used in linear regression of business research. Thus, the underlying assumption that

entrepreneurs need to have a good business strategy to enter the business is vital to their long-term survival and a successful business in Vietnam.

4. Most of the research respondents view in this research give high scores to business performance variable. Three indicators of business performance variable are valid and reliable to use in this business research. Thus, the underlying assumption that entrepreneurs need to have characteristics, competencies, and a good business strategy to have a successful business performance in Vietnam.

### **5.3 Achievement of Research Objectives**

The main purpose of this research as stated in Chapter 1 is to provide a comprehensive review the effect of entrepreneurial characteristics, entrepreneurial competencies, and business strategy on business performance of Indonesian companies and affiliates in Vietnam. This business research will be focus on business view of investors to be successful in running business in Vietnam. This business research is conducted to Indonesian companies and affiliates operate in Vietnam to investigate the effect of entrepreneurial characteristics, entrepreneurial competencies, and business strategy on business performance.

To keep the focus and consistent on the business research scope, we define research objectives to fulfill the purpose of the business research as below objectives:

1. To investigate if Entrepreneurial Characteristics, Entrepreneurial Competencies, and Business Strategy have positive simultaneous relationship with Business Performance.

2. To investigate if Entrepreneurial Characteristics has a positive relationship with Business Performance.
3. To investigate if Entrepreneurial Competencies has a positive relationship with Business Performance.
4. To investigate if Business Strategy has a positive relationship with Business Performance.

This research objectives follow by research questions. And in this business research, there are four research questions that were addressed at the beginning of this research in Chapter 3 as below:

1. Is there a positive simultaneous relationship among Entrepreneurial Characteristics, Entrepreneurial Competencies, Business Strategy, and Business Performance?
2. Is there a positive relationship between Entrepreneurial Characteristics and Business Performance?
3. Is there a positive relationship between Entrepreneurial Competencies and Business Performance?
4. Is there a positive relationship between Business strategy and Business Performance?

From research questions then make a research design is a blueprint of research. It includes methodologies, tools, and techniques to conduct research that helps to identify the problem that may arise during process research and analysis by using quantitative research to investigate effect of independent variables: Entrepreneurial Characteristics ( $X_1$ ), Entrepreneurial Competencies ( $X_2$ ) and Business Strategy ( $X_3$ ) to dependent variable: Business Performance ( $Y$ ) of Indonesian Companies in Vietnam by using linier regression

model (Sugiyono, 2019, p. 7). Based on these three variables, this research creates regression model of this business research as  $Y = b_0 + b_1X_1 + b_2X_2 + b_3X_3$ .

Last, build up research hypothesis as a temporary answer to the research questions. In this research we have four hypotheses that will verify and validate through statistical tests.

Hypothesis 1 (H1) : There are simultaneous positive relationships among Entrepreneurial Characteristics, Entrepreneurial Competencies, Business Strategy, and Business Performance.

Hypothesis 2 (H2) : There is a positive relationship between Entrepreneurial Characteristics and Business Performance.

Hypothesis 3 (H3) : There is a positive relationship between Entrepreneurial Competencies and Business Performance.

Hypothesis 4 (H4) : There is a positive relationship between Business strategy and Business Performance.

### **5.3.1 Hypothesis Test Result**

The hypothesis test is a statistical analysis that is used to evaluate the result of the survey and to see if survey has meaningful results. In this research we conduct two hypothesis tests: F-test and t-test to evaluate significances of hypotheses established in this business research.

### **5.3.1.1 Hypothesis 1 (H1)**

For Hypothesis 1 (H1) : There are simultaneous positive relationships among Entrepreneurial Characteristics, Entrepreneurial Competencies, Business Strategy, and Business Performance, we need to conduct simultaneous hypothesis test (F-test) to validate overall significance of hypothesis to research purpose. Decision process in F-test will be based on 2 values: Significant value (less than 0.05) and F value (higher than 2.92).

The F-test result shows Significant value is less than 0.05 and F value is higher than 2.92 therefore Hypothesis 1 is acceptable. It means that there are simultaneous positive relationships among Entrepreneurial Characteristics, Entrepreneurial Competencies, Business Strategy, and Business Performance.

### **5.3.1.2 Hypothesis 2 (H2)**

For Hypothesis 2 (H2) : There is a positive relationship between Entrepreneurial Characteristics and Business Performance, we need to conduct partial hypothesis test (t-test) to validate significance Entrepreneurial Characteristics to Business Performance stated in hypothesis. Decision process in t-test will be based on 2 values: Significant value (less than 0.05) and t- value (higher than 2.045).

The t-test result shows Significant value is higher than 0.05 and t- value is lower than 2.045 therefore Hypothesis 2 is rejected. It means that there is less positive relationship between Entrepreneurial Characteristics and Business Performance in this research. However, it was expected that independently Entrepreneurial Characteristics to

have a positive relationship to Business Performance, but not. Taken this finding, entrepreneurs can't use their personal characteristics alone to make the business successful, need to add other factors to make business perform well (Blackman, 2003).

### **5.3.1.3 Hypothesis 3 (H3)**

For Hypothesis 3 (H3) : There is a positive relationship between Entrepreneurial Competencies and Business Performance, we need to conduct partial hypothesis test (t-test) to validate significance Entrepreneurial Competencies to Business Performance stated in this hypothesis. Decision process in t-test will be based on 2 values: Significant value (less than 0.05) and t- value (higher than 2.045).

The t-test result indicated Significant value (Sig.) of Entrepreneurial Competencies variable is lower than 0.05 and the t-value is higher than the t-table 2.045. Thus, with this result accepts the Hypothesis 3 (H3): There is a positive relationship between Entrepreneurial Competencies and Business Performance.

### **5.3.1.4 Hypothesis 4**

For Hypothesis 4 (H4) : There is a positive relationship between Business strategy and Business Performance, we need to conduct partial hypothesis test (t-test) to validate significance Business Strategy to Business Performance stated in this hypothesis. Decision process in t-test will be based on 2 values: Significant value (less than 0.05) and t- value (higher than 2.045).



The t-test result indicated Significant value (Sig.) of Business Strategy variable is 0.045 which is lower than 0.05 and the t-value is 2.094 which is higher than the t-table 2.045. Thus, this result accepts the Hypothesis 4 (H4): There is a positive relationship between Business strategy and Business Performance.

### **5.3.2 Regression Model of Business Research**

From the t-Test conducted, this research gets the model business research of Indonesian companies who do successful business in Vietnam:  $Y = -1.830 + 0.111X_1 + 0.288X_2 + 0.128X_3$ . And business competencies become the biggest driver give impact to Business Performance.

### **5.4 Theoretical and Practical Implications**

Several theoretical and practical implications can be drawn from the research findings. Theoretically this business research builds upon the expanding of scholars who are focused on entrepreneurial and business. This research has shown that entrepreneurial characteristics does not have or has less significant relationships with business performance of Indonesian companies in Vietnam which shows different result on the impact of entrepreneurial characteristics on business performance in Malaysia (Ainin *et al.*, 2010, pp. 31–34). While this research also shows entrepreneurial competencies (Man, Lau and Chan, 2002), and business strategy (Grant, 1991) has positive influence on business performances of Indonesian companies in Vietnam as the theories comprehensively build in literature

review. This business research uses more variables in business such as entrepreneurial characteristics, entrepreneurial competencies and business strategy that might contribute simultaneously and partially to company business performance. With these business variables, we maintain relevance to research and business reality. This has important implications for future research as it will provide reference on using more business variables to review business performance.

At practical level, the findings give benefits for entrepreneurs, companies to have Investors supplement to help and encourage Indonesian companies to enter and doing business in Vietnam by studying successful factors of Indonesian companies who already invested and doing in Vietnam, Indonesia- Vietnam bilateral trade supplement to improve bilateral trade transaction number, and other foreign investment for their additional information to start outbound investment in Vietnam. This research remind to entrepreneurs and companies do not just focus on simple business review, information, and variables when do outbound investment but find a balance with more information and business variables to create successful business in Vietnam.

## **5.5 Conclusions, Limitations, and Further research**

### **5.5.1 Conclusions**

Based on research result and discussions, this business research has some conclusions such as:

1. Entrepreneurial characteristics, entrepreneurial competencies and business strategy variables simultaneously give significant impact to business performance of Indonesian companies in Vietnam. This finding demonstrates that three business variables use in this business research provide a robust evidence and significant contribution to Indonesian companies' business performance.
2. Entrepreneurial characteristics variable alone does not give significant impact to business of Indonesian companies in Vietnam. Hypothesis test result reveals that indicators use in entrepreneurial characteristics such as self-confidence, responsible, passion, risk taker, thinking out of the box, management expertise, socialized person don't contribute significantly to make the business successful, need to add other factors to make business perform well (Blackman, 2003).
3. Entrepreneurial competencies have a significant impact to business performance (Almeida and Buzady, 2019) and this research use this scholars result in research hypothesis to Indonesian companies in Vietnam . Hypothesis test result reveals that indicators use in entrepreneurial competencies such as full of initiative, commitment and persistence, independence, and self-confidence, persuasive and networking, active seeking information and well organize give significant contributions to business performance of Indonesian companies in Vietnam.
4. Business strategy contribute a significant impact to business performance (Ansoff, 1957) and this research use this scholars result in research hypothesis to Indonesian companies in Vietnam . Hypothesis test result reveals that indicators use in entrepreneurial competencies such as full of initiative, commitment and persistence, independence, and self-confidence, persuasive and networking, active

seeking information and well organize give significant contributions to business performance of Indonesian companies in Vietnam.

5. This business research establishes a business regression model of Indonesian company in Vietnam:  $Y = -1.830 + 0.111X_1 + 0.288X_2 + 0.128X_3$ . Business Competencies become the biggest driver giving impact to Business Performance, followed by Business Strategy and Entrepreneur Characteristics.

### **5.5.2 Limitations**

1. A limitation for this research only to Effect of Entrepreneurial Characteristics, Entrepreneurial Competencies and Business Strategy on Business Performance of Indonesian Companies in Vietnam. This boundary set by the researcher to narrow the scope of research and provide parameters for the research (Ellis and Levy, 2009, pp. 322–326). This research limitations may hinder the generalization of findings.
2. Although the business research covers all Indonesian companies who operates in Vietnam with the period of research is from October 2022- June 2023, number of survey participant only 33 companies' representative. It is better to have more respondents since a bigger sample population would give a more profound analysis.
3. Due to the number of populations is not too big, this research uses linier regression model techniques for the analysis and operationalization of variables such as reliability and validity. This may mean that different methods such as structural equation modeling (SEM) could potentially provide more fine-grained insights.

### 5.5.3 Further Research

This research examined Effect of Entrepreneurial Characteristics, Entrepreneurial Competencies and Business Strategy on Business Performance of Indonesian Companies in Vietnam. As identified in chapter one, research objectives were stated and answers to these objectives were provided in previous chapters. These created the opportunity for further research, the basis upon which this chapter draws on an overall conclusion while proposing some recommendations such as:

1. Have a bigger population and wider focus to companies who are operated and invested in Vietnam, not only Indonesia companies and affiliates. Normally as a greater number of populations of research would bring more profound analysis and fine-grained insights into research result.
2. From this research result shows entrepreneurial characteristics independently give less significant influence on business performance of Indonesian companies in Vietnam while when combine it simultaneously with entrepreneurial competencies variable and business strategy will give significant influence on company business performance. This may give preference for further research to replace this variable with other variables that give more impact to business performance.

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## APPENDIX

### QUESTIONNAIRE

1. Google form link of questionnaire : <https://forms.gle/1mL8rUxyZAK5B8Nb8>

2. Barcode link of questionnaire:



3. Questionnaire details

# Effect Entrepreneurial Characteristics, Entrepreneurial Competencies, and Business Strategy on Business Performance

Questionnaire for Doctoral Research of Swiss School Business Management

## I. Respondent Identity

Name (Owner/Manager)\* :

Sex\* :

Age\* :

Education background\* :

High School

Bachelor's degree

Master's degree

Doctoral Degree

## II. Business Identity (in Vietnam)

Company Name\* :

Company Address\* :

Number of employees in Vietnam\*:

< 250 (Small-Medium-Enterprises)

>251 (Large Company)

Which industry is your business doing\*:

- Primary Sector (Agriculture, Farming, Fishing, Forestry, Mining, Deposits)
- Secondary Sector (Manufacturing, Construction, Industry)
- Tertiary Sector (Trade, Tourism, Business Service, Food Service, Real Estate, Education, Human Health)
- Quaternary Sector (Financial Planning, Consultancy, Design, Research and Development)
- Quinary Sector (Non-Profit Organization)

How much is the estimated annual revenue of your company (in VND)?

- Micro Enterprise (<10 billion VND/year)
- Small Enterprise (<100 billion VND/year)
- Medium Enterprise (<300 billion VND/year)
- Large Enterprise (>300 billion VND/year)

Business Area in Vietnam\*:

- Whole Vietnam
- Southern Vietnam
- Central Vietnam
- North Vietnam

### **III. Research Variables**

## 1. Entrepreneurial Characteristics

### 1.1. Personal

1.1.1. I'm self-confidence and responsible person\*

|                   |                       |                       |                       |                       |                       |             |
|-------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-------------|
|                   | 1                     | 2                     | 3                     | 4                     | 5                     |             |
| Totally not agree | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | fully agree |

1.1.2. I have personal passion to complete the project and business\*

|                   |                       |                       |                       |                       |                       |             |
|-------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-------------|
|                   | 1                     | 2                     | 3                     | 4                     | 5                     |             |
| Totally not agree | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | fully agree |

### 1.2 Entrepreneurial

1.2.1 I'd like to take a business risk and seize the opportunity\*

|                   |                       |                       |                       |                       |                       |             |
|-------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-------------|
|                   | 1                     | 2                     | 3                     | 4                     | 5                     |             |
| Totally not agree | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | fully agree |

1.2.2 I'm normally thinking flexible and out of box\*

|                   |                       |                       |                       |                       |                       |             |
|-------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-------------|
|                   | 1                     | 2                     | 3                     | 4                     | 5                     |             |
| Totally not agree | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | fully agree |

### 1.3 Managerial and Organization

1.3.1 I have expertise in management and do it efficiently\*

|                   |                       |                       |                       |                       |                       |             |
|-------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-------------|
|                   | 1                     | 2                     | 3                     | 4                     | 5                     |             |
| Totally not agree | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | fully agree |

1.3.2 I'm socialized person an easy to build business relationships\*

|  |   |   |   |   |   |
|--|---|---|---|---|---|
|  | 1 | 2 | 3 | 4 | 5 |
|--|---|---|---|---|---|



Totally not agree                        fully agree

## 2. Entrepreneurial Competencies

### 2.1 Achievement

2.1.1 I can take initiatives and seeking opportunities in business\*

1      2      3      4      5

Totally not agree                        fully agree

2.1.2 I'm fully commitment and persistence in doing business\*

1      2      3      4      5

Totally not agree                        fully agree

### 2.2 Personal Power

2.2.1 I'm independence and self-confidence in business\*

1      2      3      4      5

Totally not agree                        fully agree

2.2.2 I'm persuasive and easy building business networking\*

1      2      3      4      5

Totally not agree                        fully agree

### 2.3 Planning and Relationship building

2.3.1 I always seek information to achieve my goals

1      2      3      4      5

Totally not agree                        fully agree

2.3.2 I'm well organized, systematic in planning and monitoring\*

1      2      3      4      5

Totally not agree                        fully agree

### 3. Business Strategy

#### 3.1 Market Penetration

3.1.1 Company use economic of scale to sell more products to market\*

1      2      3      4      5

Totally not agree                        fully agree

3.1.2 Company makes sales program and promotion with price discount to boost the sales revenue\*

1      2      3      4      5

Totally not agree                        fully agree

#### 3.2. Market Development

3.2.1 Company continues exploring new market to get new customers\*

1      2      3      4      5

Totally not agree                        fully agree

3.2.2 Company continue make product improvements to appeal more customers\*

1      2      3      4      5

Totally not agree                        fully agree

### 3.3 Product Development

3.3.1 Company develop new versions of existing products to attract more customers\*

|                   |                       |                       |                       |                       |                       |             |
|-------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-------------|
|                   | 1                     | 2                     | 3                     | 4                     | 5                     |             |
| Totally not agree | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | fully agree |

3.3.2 Company keep update new features to existing products to give more benefits to customers

|                   |                       |                       |                       |                       |                       |             |
|-------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-------------|
|                   | 1                     | 2                     | 3                     | 4                     | 5                     |             |
| Totally not agree | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | fully agree |

### 3.4 Business Diversification

3.4.1 Company enter new market with a new product to diversify the business\*

|                   |                       |                       |                       |                       |                       |             |
|-------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-------------|
|                   | 1                     | 2                     | 3                     | 4                     | 5                     |             |
| Totally not agree | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | fully agree |

3.4.2 Company enter a new market with an existing product to diversify market segment\*

|                   |                       |                       |                       |                       |                       |             |
|-------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-------------|
|                   | 1                     | 2                     | 3                     | 4                     | 5                     |             |
| Totally not agree | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | fully agree |

## 4. Business Performance

### 4.1 Sales

4.1.1 Company has an entrepreneurial strategy to increase sales revenue yearly\*

|  |   |   |   |   |   |
|--|---|---|---|---|---|
|  | 1 | 2 | 3 | 4 | 5 |
|--|---|---|---|---|---|

Totally not agree                        fully agree

#### **4.2 Profit**

4.2.1 Company has a sustain business and make profit year by year\*

1      2      3      4      5

Totally not agree                        fully agree

#### **4.3 Market Share**

4.3.1 Company consistently increase market share\*

1      2      3      4      5

Totally not agree                        fully agree

#### **5. Personal Statement**

I hereby declare that the above information provided is true and correct\*

Yes