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A comparative study of women entrepreneurship in transitional economies

The case of China and Vietnam

Transitional
economies

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Abstract

Purpose – The purpose of this paper is to compare women entrepreneurship in China and Vietnam by examining the motivations, success factors and problems related to establishing women-owned businesses.

Design/methodology/approach – The sample in this study consisted of 170 women entrepreneurs in Vietnam and 180 women entrepreneurs in China. The authors used the survey instrument developed by H.M. Chu (Chu and Katsioloudes 2001), which has been adopted in a number of small business studies since 2002. To determine whether there is a significant difference between the two countries regarding each factor of motivations, success factors and problems, the authors use the non-parametric Wilcoxon rank-sum test.

Findings – Women entrepreneurs are motivated to earn more income in both China and Vietnam. Vietnamese businesswomen value intrinsic rewards such as gaining personal satisfaction and freedom. They also take business ownership as a way to reduce work–family conflict. Demonstrating the ability and gaining public recognition play a more important role when Chinese women entrepreneurs decide to establish their businesses. Both Chinese and Vietnamese women agree that good management skills are essential to achieve their goals. Women entrepreneurs in both countries share similar challenges, such as the inability to recruit and retain employees, severe competition, a weak economy and limited access to financial capital.

Practical implications – Given the nature of transitional economies in both countries, the government is required to improve the regulatory environment for protecting private sector employment and private property rights. Policies such as subsidies and tax incentives may assist the development of women enterprises. To support the sustainable growth of women businesses, it is suggested that the government should design effective programs that direct women entrepreneurs to move into high-growth or high-technology sectors. Training programs are also required to improve the knowledge and skills of women entrepreneurs. Making capital accessible to women is also important to stimulate entrepreneurial growth. As a further stimulus, governments should coordinate with financial institutions to provide low-cost loans or even venture capital to facilitate this process.

Originality/value – This study is among one of the first attempts to compare women entrepreneurship in the two transitional economies of Vietnam and China. It provides insight into motivations, success factors and problems that women entrepreneurs experienced by examining small business owners in Vietnam and China.

Keywords China, Vietnam, Small businesses, Women entrepreneurs, Motivation and problems of women entrepreneurs

Paper type Research paper



1. Introduction

Small business sectors contribute significantly to the economic growth and job creation in developing countries. The recent rise of Asian economies has attracted increasing research interest. China and Vietnam are two adjacent countries that share some similarities in their growth patterns. Both have been making an effort to transition from a centrally planned economy to a market-oriented economy. China adopted the “open door” policy in 1978, whereas Vietnam experienced a similar economic reform called “Doi Moi” starting in 1986. During this process, both economies faced numerous challenges, such as restructuring the state-owned enterprises. They also witnessed the revitalization of the private sector.

Thriving private enterprises provided an alternative job opportunity to women and empowered them to contribute to the economic growth. China and Vietnam share a common cultural background. Historically, men have been considered to be the primary source of labor in the family and the main source of income. Women’s social roles are often considered inferior to those of men, and they have had very limited independent rights, if any. Both governments have been advocating for women’s equality in their modern history. For example, China issued the “Law on the Protection of Women’s Rights and Interests” in 1992, which enhanced women’s equality in political, economic and social status with men. Vietnam passed “The Gender Equity Law” in 2006. It emphasized women’s equal rights in establishing and operating businesses, accessing capital, and obtaining market information. The Vietnamese Government also developed a National Strategy on Gender Equality in 2010.

Women’s entrepreneurial activities not only provide them economic income but also play an important role in creating jobs for other women and reducing gender inequality. Although progress has been made in both countries, women entrepreneurs still have limited economic opportunities to compete with their male counterparts as a result of social or cultural values, traditions, policy and the legal environment. The Global Entrepreneurship and Development Institute (GEDI) constructed the female entrepreneurship index to measure a multidimensional aspect of female entrepreneurial development. In 2015, China’s female entrepreneurship index was 38.3 out of 100, which was ranked 48 out of 77 countries. (Terjesen and Lloyd, 2015)[1].

There are some studies that examine entrepreneurship in transitional economies. However, little research has been done focusing on women entrepreneurs. Brush and Cooper (2012) argued that studies about women entrepreneurs account for less than 10 per cent of all research in the field. Studying women entrepreneurial motivations and challenges in transitional economies is very important. In transitional economies, integrated financial systems and factor markets are often not fully developed. Some may even face political instability. An analysis of different entrepreneurial dimensions of women entrepreneurship in transitional countries can help policymakers to design programs that enhance women’s entrepreneurship awareness and formulate effective strategies. It also provides policy implications to international investors conducting businesses in those countries.

This paper compares women entrepreneurship in China and Vietnam. We examine the motivations, success factors and problems related to establishing a women-owned business. The comparative analysis enriches the literature, in that it helps to identify similar empirical patterns across countries. This in turn may provide generalized explanations of entrepreneurial activities. On the other hand, the comparative analysis offers an opportunity to examine the sources of unique entrepreneurial practice in different countries. The results can provide insight into strategies that encourage and promote women entrepreneurial success.

2. Literature review

The existing literature mainly focuses on male-owned enterprises, despite the increasing number of female entrepreneurs and their contribution to the economic growth. It was not until the 1980s that female entrepreneurship started to attract academic attention. The early studies often examined the differences between male and female entrepreneurs in terms of personal attributes and the start-up process (Greene *et al.*, 2003). Later research started to uncover the motivations behind female ownership of businesses, the factors that contribute to the success of female enterprises and the challenges faced by female entrepreneurs.

2.1 Motivation

In the entrepreneurship literature, what motivates individuals to become entrepreneurs has been a primary area of research interest. Kuratko *et al.* (1997) argued that to completely understand the entrepreneurial process, a crucial factor is the motivation that entrepreneurs start and sustain their venture. Identifying the motivations behind entrepreneurship helps to understand the entrepreneurial process and structure.

The early studies on women entrepreneurship in developed countries indicate that women are motivated to establish their own business to gain independence, achieve self-fulfillment and escape the “glass ceiling” (Scott, 1986; Carter and Cannon, 1992; Buttner and Moore, 1997). To balance work and family responsibilities is also considered to have an important impact on a woman’s decision to start a business (Bajaro, 1981; Hisrich *et al.*, 1997). Research on transitional economies reveals different factors that draw women into self-employment. Tambunan (2009) examined women entrepreneurs in Asian countries and found that earning more money and reducing unemployment rate are the major motivations. Ufuk and Özgen (2001) studied female married entrepreneurs in Turkey and reported that initiating social relations and meeting family needs are the most important factors for starting a business. Woldie and Adersua (2004) investigated Nigerian women entrepreneurs and found that the main motivation factors are to reduce poverty and to change deteriorating economic condition. Economic incentives are also identified as essential motivators for Afghani women entrepreneurs (Holmén *et al.*, 2011). In addition, factors related to the social environment, culture and government also play a role in explaining motivational differences across countries (Kiggundu, 2002; Srivastava *et al.*, 2017).

2.2 Success factors

Although a number of research attempted to identify factors contributing to the success of women entrepreneurs, no consensus has been reached. Some personal traits such as education and previous experience are found to have positive impacts on the success of women businesses (Carter and Cannon, 1992; Cuba *et al.*, 1983; Van der Sluis *et al.*, 2008; Zhu *et al.*, 2015). Moreover, Buttner (1993) argued that endurance and hard work are key success elements for women entrepreneurs to compete with their male counterparts. The skills of the entrepreneurs are also recognized as a critical business success determinant (Lerner *et al.*, 1997; Hisrich and Brush, 1986).

As women generally take more family responsibilities, they often experience family–work conflict. Family support and encouragement are found to reduce work-related stress for women entrepreneurs and help the performance of the business (Maysami and Goby, 1999). Lee and Stearns (2012) examined 228 female entrepreneurs in Korea and found several success factors as follows: family support, communication skills, knowledge of business, production competency, business capability and availability of resources.

Social network is also identified to have a positive impact on women’s business performance. The use of informal supportive relationships enables experienced entrepreneurs

to mentor and coach new business owners through the entrepreneurial process. [Sequeira, Gibbs and Juma \(2016\)](#) studies factors contributing to women's venture success in six emerging countries: Argentina, Brazil, Hungary, India, Mexico and South Africa. Their results suggest entrepreneurial networks, household income and government support contribute to business success.

2.3 Problems

Female entrepreneurs face many unique challenges as compared with their male counterparts. The critical problems encountered by women entrepreneurs include lack of business training and experience ([Pellegrino and Reece, 1982](#); [Hisrich and Brush, 1984](#)), limited access to capital ([Buttner and Rosen, 1989](#); [Coleman, 2000](#); [Marlow and Patton, 2005](#); [Benzing et al., 2009](#); [Bellucci et al., 2010](#)), insufficient supporting networks ([Weiler and Bernasek, 2001](#)), religious and cultural constraints ([Tambunan, 2009](#); [Anggadwita et al., 2017](#)), lack of social acceptance ([Singh et al., 2010](#)) and conflict with family responsibilities ([Brush, 1997](#); [Winn, 2005](#)).

[Aidis et al. \(2007\)](#) investigated women entrepreneurs in Lithuania and Ukraine and found that significant constraints include access to capital, networking and gender norms and value. For women in Afghanistan, the main problems they encountered for doing business are limited markets, mobility constraints, lack of social acceptance and negative attitudes ([Holmén et al., 2011](#)). [Dodescu et al. \(2011\)](#) studied women entrepreneurs in Western Romania and concluded that economic dependence, poverty, and insufficient start-up capital are discouraging factors. [Rauth Bhardwaj \(2014\)](#) suggested that lack of education and training is one obstacle for women entrepreneurs in India to catch up with new technology.

3. Research methods

The sample in our study consisted of 170 women entrepreneurs in Vietnam and 180 women entrepreneurs in China. We focused on small and micro-sized enterprises. Non-profit organizations and businesses with over 100 employees were excluded from the sample.

In China, data were collected in Beijing, whereas the Vietnam samples were from Binh Duong and Binh Phuoc provinces located 30 and 50 miles away from Saigon. In both countries, women entrepreneurs were randomly selected from Chamber of Commerce directories. Initial telephone contacts introducing and explaining the purpose of the study were made. Then, data were collected through face-to-face interviews with assistance of local government employees, educators and graduate assistants. In China, the interviews were conducted in Beijing with the help of a community development director. In Vietnam, two Vietnamese students of Saigon University administered the survey and interviews at the off peak time of selected businesses. All the administrators were trained with different interview techniques.

We used the survey instrument developed by H.M. Chu ([Chu and Katsioloudes, 2001](#)), which has been adopted in a number of small business studies since 2002. The instrument was originally written in English. It is composed of 26 questions that cover the demographic information, business characteristics and factors related to motivations, success factors and challenges. A five-point Likert scale is used to measure the responses, with 5 being "extremely important" and 1 being "unimportant". The survey was translated into Chinese and Vietnamese and checked for inter-translator consistency before distribution. Cronbach's alpha is one of the widely used reliability estimates to check the internal consistency of the instrument ([Gliem and Gliem, 2003](#)). The value of Cronbach's alpha ranges from 0.84 to 0.93 for the Chinese survey and the value is within 0.82 to 0.85 for the Vietnamese survey. Both are acceptable to ensure against a high level of redundancy.

To determine whether there is a significant difference between the two countries regarding each factor, we use the non-parametric Wilcoxon rank-sum test. The p -value is reported in the result tables.

4. Results

Table I reports the general characteristics of the sample, including demographic and business information about the respondents. In our sample, 70 per cent of Chinese entrepreneurs are married, whereas 30 per cent are single. In Vietnam, entrepreneurs are more evenly distributed with 55 per cent married and 45 per cent single.

The average age of entrepreneurs is 35 years in Vietnam, which is consistent with the finding in the previous literature. [Gerrard et al. \(2003\)](#) found that 73.2 per cent of Vietnam women entrepreneurs in their sample were between the ages of 30 and 49. Comparatively, women started businesses later in their lives in China, with an average age of 41 years. Regarding education level achieved, 42.8 per cent of women entrepreneurs in China earned a college degree, whereas only 19.2 per cent of entrepreneurs in Vietnam completed college.

Characteristics	China ($N = 180$)		Vietnam ($N = 170$)	
	Frequency	Percent	Frequency	Percent
<i>Marital status</i>				
Married	126	70	93	55
Single	54	30	77	45
<i>Education level achieved</i>				
No formal education	0	0.0	5	2.9
Some grade school	0	0.0	5	2.9
Completed grade school	3	1.7	3	1.7
Some high school	6	3.3	37	21.5
Completed high school	52	28.9	46	26.7
Some college	29	16.1	28	16.3
Completed college	77	42.8	33	19.2
Some graduate work	5	2.8	9	5.2
A graduate degree	2	1.1	0	0.0
Not mentioned	6	3.3	6	3.5
<i>Type of business ownership</i>				
Established by you	118	65.6	8	4.7
Bought from another owner	15	8.3	21	12.2
Inherited	3	1.7	49	28.5
Independently owned	17	9.4	68	39.5
Franchise business	3	1.7	26	15.1
Owned in partnership	31	17.2	0	0.0
Incorporated	26	14.4	0	0.0
<i>Type of business</i>				
Retailing	53	29.4	67	39.0
Wholesaling	41	22.8	42	24.4
Service	101	56.1	39	22.7
Manufacturing	8	4.4	10	5.8
Agriculture	3	1.7	2	1.2
Other	15	8.3	21	12.2
Mean age of entrepreneurs	40.88 years		34.82 years	
Avg. working hours per week	53.85		62.76	

Table I.
Sample
characteristics of
women
entrepreneurs in
China and Vietnam

The majority of women business owners in Vietnam completed high school (26.7 per cent) or had some high school education (21.5 per cent). The women entrepreneurs in China tended to have more years of education, which might be the reason why their average age is older than those in Vietnam. According to the [World Bank \(2006\)](#), the expansion of private sectors offered a way out of farming in rural areas, especially for young women in Vietnam. This could be another explanation why women entrepreneurs are younger in Vietnam.

The differences are also revealed in the major type of businesses women entrepreneurs operate in the two countries. More than half of the businesses concentrated in the service sector in China, whereas the dominant industries in Vietnam are retailing and wholesaling. On average, women entrepreneurs worked 63 hours per week in Vietnam and 54 hours per week in China.

In the sample, Chinese entrepreneurs established their enterprises mainly by themselves with 65.6 per cent and only 1.7 per cent inherited their businesses. On the other hand, 28.5 per cent of the businesses passed down to the respondents in Vietnam and only 4.7 per cent of women entrepreneurs founded their own businesses. This difference is related to the transitional path the two countries experienced. Although China and Vietnam both have implemented reforms gradually in stages, the economic restructure of state-owned enterprises in China led to huge pressures on the labor market. During the 1990s, millions of workers were laid off in China from state-owned enterprises. Workers aged between 35 and 55 were first to be laid off. Among all laid off workers, women were often chosen over men. In some provinces, the percentage could be up to 70 per cent. Self-employment became one alternative option and women were motivated to establish their own businesses. On the other hand, Vietnam's reform was a slower process. The government adopted a "middle-road" approach, which did not create a big shock to the labor market ([Guo, 2004](#)).

4.1 Motivation

To study the motivation for business ownership, we constructed 11 motivation factors using a five-point Likert scale, with 5 being "extremely important" and 1 being "unimportant". Women entrepreneurs were asked to rate the 11 factors. As shown in [Table II](#), both Vietnamese and Chinese women entrepreneurs rated "to increase income" and "to be my own boss" as the top motives to start their businesses.

Motivation factors	China		Vietnam		<i>p</i> -value
	Mean	SD	Mean	SD	
To be my own boss	3.71	1.19	4.42	0.85	<0.0001
To be able to use my past experience and training	3.70	1.15	3.62	1.06	0.2818
To prove I can do it	3.75	0.99	3.49	1.01	0.0244
To increase my income	3.95	0.96	4.39	0.89	<0.0001
To gain public recognition	3.51	1.14	2.63	1.09	<0.0001
To provide jobs for family members	2.70	1.10	3.48	1.04	<0.0001
For my own satisfaction and growth	3.22	1.11	3.66	1.07	0.0003
To protect my job security	3.39	1.21	3.07	1.19	0.0112
To build a business to pass on	2.44	1.27	3.35	1.13	<0.0001
To maintain my personal freedom	2.54	1.29	3.66	1.27	<0.0001
To be closer to my family	2.46	1.30	3.63	1.13	<0.0001

Table II.
Motivation factors

Notes: 5 = extremely important, 4 = very important, 3 = mildly important, 2 = not very important, 1 = unimportant

Entrepreneurial motivations are often classified as “push” or “pull” factors. Push factors are defined as personal or external factors, whereas pull factors are those that draw women to start business. Both Chinese and Vietnamese women are mainly pushed to establish their own businesses owing to low family income. Economic reforms in both countries have reduced women’s employment opportunities in state-owned enterprises over the past decade. Women are often considered less productive than men because of their family responsibilities, which often made them a target for layoffs in state-owned enterprises (SOEs). The unfavorable labor market turned women to venture into starting their own businesses. Self-employment provides women greater economic independence and the ability to control their working conditions. This is consistent with the findings in China by [Hernandez *et al.* \(2012\)](#) that women are more likely to engage in necessity-based entrepreneurship because of their inability to meet basic economic needs.

On the other hand, pull factors also play an important role in women’s entrepreneurial decisions. There are some significant differences among the pull factors driven behind the women entrepreneurs in the two countries. “To maintain personal freedom” and “for my own satisfaction and growth” are weighted more importantly by Vietnamese women business owners. In other word, they are motivated from their own internal desires to gain independence and achieve self-fulfillment. This is consistent with the finding in the work by [Swierczek and Ha \(2003\)](#). They report that challenge and achievement are more significant motivators than job security for Vietnamese entrepreneurs. Comparatively, Chinese women believe establishing their own businesses is a way to prove their ability and gain public recognition. This is probably because of the social norm that women’s gender role is to provide family care and they are not qualified to engage in a business commitment. By starting their own business, women can prove they are capable of competing with their male counterparts. Therefore, women entrepreneurs in China desire external validation and recognition of their accomplishments. In addition, given women in China achieve a higher level of education and start their businesses relatively later in life, most of them already had some working experience. Self-employment also provides an opportunity to use their skills obtained from past experience and training.

Previous literature provides evidence that women are more likely to establish businesses to reduce work–family conflict. Comparing between business owners in China and Vietnam, “to be closer to my family” is more relevant to Vietnamese women entrepreneurs, as they rank this as the fifth motivator. However, Chinese women do not consider this factor as the main determinant. This is because the average family size is smaller in China due to the one-child policy. Moreover, women often get support from their parents and in-laws, which reduces family pressure.

In general, both Chinese and Vietnamese women entrepreneurs are motivated by the income incentive. Vietnamese women entrepreneurs also believe entrepreneurship helps to maintain their freedom and facilitate personal growth. The pull factors that play a more important role to Chinese entrepreneurs are the public recognition of their ability and achievement. Family consideration is weighted heavier when Vietnamese women make the decision to start a business.

4.2 Success factors

The success factors are assessed using a five-point scale. There are 17 specified factors. A score of 5 indicates “extremely important” and a score of 1 indicates “the least important”. According to results in [Table III](#), Chinese women entrepreneurs consider “reputation for

Table III.

Factors contributing to business success

Success factors	China		Vietnam		p-value
	Mean	SD	Mean	SD	
Good general management skills	4.26	0.84	4.10	1.01	<0.0001
Charisma; friendliness to customers	4.12	0.91	4.46	0.77	0.0002
Satisfactory government support	4.05	0.88	2.96	1.09	<0.0001
Appropriate training	3.53	0.95	3.63	1.19	0.2115
Access to capital	4.00	1.02	3.94	1.02	0.4114
Previous business experience	3.70	1.02	3.79	1.01	0.6033
Support of family and friends	3.64	1.07	3.71	1.03	0.7127
Marketing factors such as sales promotion	3.55	1.12	3.60	1.17	0.7912
Good product at a competitive price	3.67	1.26	4.24	0.91	<0.0001
Good customer service	3.88	1.17	4.02	0.86	0.9199
Hard work	4.35	0.76	3.73	1.02	<0.0001
Good location	3.74	0.83	4.38	0.90	<0.0001
Maintenance of accurate records of sales/expenses	3.95	0.96	3.65	0.97	0.0011
Ability to manage personnel	3.88	1.01	3.75	1.01	0.1562
Community involvement	3.47	0.92	2.56	1.06	<0.0001
Political involvement	3.17	1.02	2.27	1.12	<0.0001
Reputation for honesty	4.53	0.66	3.16	1.31	<0.0001

Notes: 5 = extremely important, 4 = very important, 3 = mildly important, 2 = not very important, 1 = unimportant

honesty” and “hard work” as the leading factors toward success. On the other hand, “Charisma and friendliness to customers” and “good location” are ranked as the top two success factors by Vietnamese women entrepreneurs.

Although reputation for honesty is ranked the most important success factor in China, it is not considered as crucial in Vietnam. Honesty has been one of the core virtue ethics of Confucianism, which is valued by both countries. However, [Chu et al. \(2011\)](#) pointed out that the Chinese society is experiencing an honesty crisis. Building trust between business partners or with customers became top priority to develop business relationships in China. Therefore, Chinese women entrepreneurs rated honesty as the most critical success factor. Given 63 per cent of the women businesses in Vietnam concentrated on retailing and wholesaling sectors, it is not surprising that “Charisma and friendliness to customers” and “good location” are leading factors to a successful enterprises. Small business owners have a comparative advantage of being flexible. They can customize products to satisfy customers’ special needs and differentiate themselves from their competitors. Being friendly and finding a good location help to attract customers and expand sales.

Chinese business women indicate that “satisfactory government support” is a key element for a thriving business. They believe that government support enhances their ability to acquire resources and useful information, which allow them to compete with their male counterparts. China’s reform involves a high level of state intervention and direct control of production. The economic and political environment could be volatile during the transition period. Therefore, government support becomes very crucial to the success of the private sector. In general, both Chinese and Vietnamese women entrepreneurs agree that “good management skills” help them in achieving their goals. They also agree that “community involvement” and “political involvement” have the least impact on their business success.

4.3 Problems

Women entrepreneurs were required to identify the problems encountered when they open and operate their businesses. The results are shown in Table IV. Both Chinese and Vietnamese entrepreneurs indicate that “unreliable and undependable employees” is a very critical barrier. The difference is not statistically significant between the two countries. Small businesses are often viewed as less secure and lacking experienced managers, which results in the difficulty to recruit good-quality employees. Limited compensation and personal development opportunities also lead to high employee turnover rates. This is a common problem in small businesses. In addition, lack of a legislative framework of protecting private sector employment in a transitional economy may be another contributor to the problem.

Women entrepreneurs in both China and Vietnam agree that they face “too much competition”. In the two countries, women-owned small businesses are thriving in the retail and the service sectors. Competition among these sectors is fierce because the businesses are characterized by low capital requirements and ease of entry. Most of the businesses rely on low prices to attract customers and expect high sales volumes to compensate for diminishing profit margins. This could threaten the development or even survival of the businesses. Furthermore, the small sizes and weak capacities of these businesses place them at a disadvantage to compete with the state-owned enterprises, which receive more government support.

“Weak economy” and “not having enough financial capital” are considered by women entrepreneurs in both countries as other main constraints. Although China and Vietnam experienced high economic growth, the growth rate has slowed since the 2008 global financial crisis. The emergence of a more volatile business climate had a greater impact on small businesses compared with SOEs and foreign enterprises because of their limited ability to diversify risk. Financial constraint is another challenge shared by women entrepreneurs in transitional economies. Small business owners and especially women entrepreneurs are perceived as lacking business skills and incapable of dealing with

Problems	China		Vietnam		<i>p</i> -value
	Mean	SD	Mean	SD	
Unreliable and undependable employees	3.85	1.01	3.95	1.00	0.2690
Too much competition	3.84	0.89	4.05	0.96	0.0157
Not having enough financial capital	3.74	1.00	3.34	1.16	0.0010
Too much government regulation/bureaucracy	3.34	1.08	3.11	1.06	0.0235
Limited parking	2.76	1.18	2.80	1.30	0.9120
Unsafe location	2.93	1.19	2.87	1.36	0.6113
Weak economy	3.46	1.12	3.40	1.32	0.8298
Lack of management training	3.12	1.15	3.15	1.19	0.6943
Lack of marketing training	3.04	1.15	3.37	1.22	0.0027
Inability to maintain accurate and informative accounting records	3.33	1.34	3.01	1.15	0.0083
Complex and confusing tax structure	3.14	1.08	3.02	1.14	0.1804
Long business registration process	3.09	1.13	3.06	1.34	0.7053
Foreign exchange limitations	2.34	1.15	2.93	1.24	<0.0001
Poor roads/transportation	2.51	1.24	2.78	1.47	0.1016
Electricity problems	2.40	1.12	1.92	1.11	<0.0001

Notes: 5 = extremely important, 4 = very important, 3 = mildly important, 2 = not very important, 1 = unimportant

Table IV.
Problem faced by
women
entrepreneurs

financial risks. When applying for bank loans, this group is normally under additional scrutiny and frequently required to provide collateral. For example, in China, state-owned enterprises often have priority to access capital and are granted lower interest rates. As a result, women entrepreneurs often rely on their own savings or funds from family and friends as major capital sources. In our study, 53 per cent of Vietnamese women entrepreneurs indicate their business capital is from personal savings and 30 per cent is borrowed from family members. Similarly, Chinese women entrepreneurs obtain 56 per cent of business capital from personal savings and 40 per cent from relatives and friends. This may also explain why women entrepreneurs often start a business in sectors with low capital requirements, such as retailing and services. The financial constraints limit women entrepreneurs' potential and may even discourage their entrepreneurship initiatives.

Although women entrepreneurs in these two countries share many of the same challenges, they also face some country-specific barriers. Chinese entrepreneurs indicate that there is "too much government regulation or bureaucracy". According to [Ahlstrom and Ding \(2014\)](#), it takes on average 33 days and 13 procedures to start a new business in China, compared with 12 days and 5 procedures in the Organization for Economic Cooperation & Development countries. Vietnamese women entrepreneurs suggest that "lack of market and management training" are more serious problems than that of their Chinese counterparts. Based on the background information, Vietnamese women entrepreneurs are less educated than Chinese women entrepreneurs, with only 19 per cent having a college degree in our sample. The lack of business knowledge and skills makes it a challenge to operate their businesses and prevent the women enterprises from sustainable business growth. This problem is also identified in the report from [Vietnam Women Entrepreneurs Council \(2007\)](#).

Although lack of infrastructure could be a common problem in transitional economies, infrastructure concerns such as "poor roads/transportation" and "electricity problem" are rated the least problems in both countries.

5. Conclusion

This study is among one of the first attempts to compare women entrepreneurship in the two transitional economies of Vietnam and China. It provides insight into motivations, success factors and problems women entrepreneurs experienced by examining 170 small business owners in Vietnam and 180 small business owners in China. Although the main motivators to establish businesses are to increase income and to be independent in both countries, Vietnamese business women also value intrinsic rewards such as gaining personal satisfaction and freedom. They also take business ownership as a way to reduce work-family conflict, in that they can be close to the family while working. Comparatively, proving capability and gaining public recognition play a more important role when Chinese women entrepreneurs decide to establish their businesses.

Regarding success factors, both Chinese and Vietnamese women agree that good management skills are essential to achieve their goals. However, Chinese women entrepreneurs identify their reputation for honesty and hard work as the two most important factors contributing to their business success, whereas Vietnamese women believe friendliness to customers and good location to be leading factors. Women entrepreneurs in both countries share similar challenges such as the inability to recruit and retain employees, severe market competition, a weak economy and limited access to financial capital. In addition, business women in China indicate that government regulation and bureaucracy is a major constraint for their development. Another major barrier to Vietnamese women is lack of business training.

6. Discussion and implication

Since economic reforms began, the number of women enterprises has increased dramatically in China and Vietnam. Our study examines women entrepreneurship in the two transitional economies. Our findings reveal that some of the challenges are closely related to the characteristics of the transitional economy. The lack of a sophisticated legal system to protect private sector employees makes it difficult for small businesses to recruit and retain good employees. Overcoming this hurdle requires the government effort to improve the regulatory environment. Policies such as subsidies and tax incentives may assist the development of women enterprises as well. In addition, making capital accessible to women is important to stimulate sustainable entrepreneurial growth. The government should coordinate with financial institutions to provide low-cost loans or even venture capital to facilitate this process. Limited private property rights is another obstacle for women to obtain financial support. Accordingly, further legal reforms are necessary to create a fair environment for women entrepreneurs to compete successfully. Policy initiatives for building women social networks will also be helpful. Women entrepreneurs in a transitional economy benefit more from a robust social network because it is common for them to be rejected by the cultural or social norms. Social networks could serve as a platform for finding business resources, obtaining business advice and building business credentials.

Although women entrepreneurs in the two countries experienced some common problems, they also face unique constraints given the different stages of their economic transition. China's economic restructuring resulted in a large amount of layoffs in state-owned enterprises. Women used self-employment as an alternative job opportunity to establish their own businesses. However, the entrepreneurial activity is mainly concentrated in low-productivity sectors, such as wholesaling, retailing and the service industry. [Yang and Li \(2008\)](#) argued that small businesses in China often depend on low prices rather than innovation as their competitive advantage. Necessity-based entrepreneurship limits women's potential and restricts women-owned enterprises from sustainable growth. According to the female entrepreneurship index by GEDI, technology sector business indicator is ranked lowest among all other indicators in China. This measure indicates percentage of female total entrepreneurial activity that are active in the medium- or high-technology sector. Given the education level women entrepreneurs achieved in China, the government should design effective support programs that direct women entrepreneurs to move into high-growth or high-technology sectors. In our survey, women entrepreneurs indicated that one of the challenges is "too much regulation and bureaucracy", thus requiring the government to simplify business registration and operation regulations. The government must make sure that any new regulation changes should be communicated effectively to the women entrepreneurs.

In Vietnam, women entrepreneurs mainly inherited their businesses and they are more motivated by personal freedom and achievement. In addition to help existing businesses to grow sustainably, the government should promote entrepreneurship awareness and encourage new start-up businesses. In our study, the majority of businesswomen either completed high school or had some high school education. Lack of marketing, management and accounting knowledge is claimed to be a challenge to operate the business. This requires the government to develop training programs that equip women with business knowledge and skills to improve their competitiveness. Training programs at the secondary schools or even outside the education system could encourage the entrepreneurial initiative and have positive effects on developing women's self-confidence. Besides business education, technology training could benefit small business owners by enabling them to access broader markets and obtain updated business skills.

1. There are no data for Vietnam.

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Further reading

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