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**The National Policy Environment for Starting a Business:  
An Assessment in Vietnam**

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**Abstract**

*Entrepreneurship and starting a business have an essential role in the economic and social development of each country. Building a suitable business environment and promoting entrepreneurship are the main tasks of the government of each country. Therefore, countries need to create policies and regulations suitable to the characteristics of entrepreneurship of each country. Thus, it is possible to create a policy environment that supports, maintains, and promotes the development of entrepreneurship and starting a business in a country. This paper focuses on the research and evaluation of the impact of national policies and regulations on entrepreneurship and starting a business. In addition, Vietnam is a developing country and has an economy in transition and integration with the world economy. The study is based on a sample provided by The Amway Global Entrepreneurship Report in 2018 on national entrepreneurship in the world. The results show that Vietnamese rules and regulations are easy to understand and follow. However, the research findings show that the regulations of the Vietnamese government are not the most significant factor when individuals start their businesses. In addition, the national policy environment in Vietnam for starting a business is better than Asian averages and Global averages. The results contribute to providing evidence on the impact of national policies and regulations on entrepreneurship as well as on starting a business. The paper concludes with a discussion of the results and implications of the study at the end.*

**Keywords:** national policies, government, business, entrepreneurship, Vietnam.

**JEL Classification:** D73, M10, M21.

**1. Introduction**

Over the past decades, starting a business and entrepreneurship in countries in the world have been continuously interested in and focused on expansion and development. Entrepreneurship is playing an increasingly important role in national development policies (Păunescu & Molnar, 2020). In addition, entrepreneurship is considered one of the main drivers of economic and social development, generating

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many social and financial benefits around the world (Okah-Efogo & Timba, 2015; Păunescu & Molnar, 2020). Therefore, along with the growth and development of the economy, more and more localities and countries do their best to promote the development of entrepreneurship and start-up activities of local and national importance. Thus, it can be said that entrepreneurship and starting a business play a significant role in the national development policies, not only in developing countries, but also in developed countries. Furthermore, entrepreneurship is considered a priority area in the national social and economic development policies (Fairlie, 2011).

Besides, building a suitable business environment to promote entrepreneurship and start a business is an essential task of each country's government. Government policies have a significant role in promoting entrepreneurship and starting a business in the country (Păunescu & Molnar, 2020). Countries need to establish policies and regulations that suit the entrepreneurship and characteristics of the entrepreneurs of each country. Thus, countries and governments can create a policy environment that is best for entrepreneurship, contributing to supporting, sustaining, and promoting entrepreneurship and starting a business.

This paper tries to complement a study that explores the effect of national policy on entrepreneurship and starting a business. The main goal of this paper is to assess the influence of government policies on entrepreneurship and starting a business. The study is based on a specific case, which is Vietnam. Vietnam is a country with a transition economy, and the regulations are not well completed. Moreover, the paper provides differences in assessments of different groups of respondents based on differences in the demographics. Based on this, it is possible to clarify specific assessments of national policies. To achieve these goals, the paper conducts a review of relevant literature and statistical analysis of the data gathered from The Amway Global Entrepreneurship Report (AGER) in 2018 about entrepreneurship, motivation, and desire to start a business in countries around the world. Finally, there are conclusions and suggestions to improve research on the impact of national policy on entrepreneurship and starting a business.

The paper is structured to include the following parts. The first part provides a brief literature review of the studies. Herein, the emphasis on the role of national policies and rules on entrepreneurship is presented. The second part explains the research method used in this paper. The third part includes research findings, which present entrepreneurs' assessments of national policies and rules. Then, the final part is to conclude and discuss the research results of the paper, establishing directions for future research.

## **2. Problem Statement**

Nowadays, along with the economic development of countries around the world, more and more enterprises are established and strongly developed. Many researchers have recognized that entrepreneurship and starting a business have an important role in the economic and social development of each country (Okah-Efogo & Timba, 2015; Hartono & Muzayanah, 2020; Prasetyo & Kistanti, 2020). Entrepreneurship is

considered one of the main drivers of economic and social development, generating many social and financial benefits worldwide (Okah-Efogo & Timba, 2015; Păunescu & Molnar, 2020). However, besides the advantages for improvement, there are also many risks and challenges for the economy, institutions, society, and business environment affecting enterprises (Priede-Bergamini et al., 2019; Păunescu et al., 2018; Păunescu, & Molnar, 2020).

Researchers point out to the contextual factors related to the business environment, such as infrastructure, information technology, social environment, political institutions, and policies having a direct impact on the business environment as well as business start-up behavior, business intentions, willingness to participate in the business, entrepreneurial characteristics (Ozaralli & Rivenburgh, 2016; Păunescu, & Molnar, 2020). In particular, institutional factors have a significant role in promoting the entrepreneurship of individuals (Geldhof et al., 2014). Research by Kallas (2019) has determined that perceptions of entrepreneurs in the political and social environment influence their intention to start a business in the future. Besides, Jang (2020) has shown that the government contributes to the improvement of entrepreneurship support programs, reducing barriers and difficulties in starting businesses. However, there is a need to match government policies with the entrepreneurship of the entrepreneur. However, Lee et al. (2015) found that government support has a negative effect on the number of newly established enterprises. Therefore, countries need to identify and understand clearly the factors affecting entrepreneurship and the entrepreneurial characteristics. From this, there may be policies to help enterprises survive and develop as well as to strengthen the nation's entrepreneurship. Furthermore, individuals need to pay attention to environmental factors that affect entrepreneurship, including the institutional and policy environment. From there, they can develop capabilities and resources to promote entrepreneurship and starting a business (Păunescu & Molnar, 2020).

Vietnam is a developing country. Local development, poverty reduction, and promotion of the national development strategy are currently Vietnam's topmost essential tasks. In addition, in recent years, along with the development of the economy and the integration into the world economy, entrepreneurship activities are developing more and more. The number of established businesses, as well as entrepreneurs, is increasing. It contributes to economic development. With the significant roles and the benefits gained when promoting the development of entrepreneurship, more and more localities in Vietnam strive to promote start-up activities through many supportive policies and different development solutions. In addition, the Government of Vietnam also considers promoting entrepreneurship and starting a business to be a top national policy. In recent years, Vietnam has had certain policies to promote the entrepreneurship of the country, including enacting "Supporting the national innovative start-up ecosystem to 2025" - Project 884; "Supporting start-up in students until 2025" - project 1665, "Propaganda, education, advocacy and support for women to participate in solving some social issues related to women period 2017-2025" - project 939 (Vietnamese Government, 2016a; 2016b; Vietnam Women's Union, 2017); as well as some changes in the law such as

the Law on enterprise 2020, the Law on support of small and medium-sized enterprises 2020, the Law on enterprise income tax 2020, etc. (Vietnamese Congress, 2020a; 2020b; 2020c). These policies have had strong effects on entrepreneurship, as well as on starting a business in Vietnam. Besides, this is also an important driving force contributing to promoting and increasing entrepreneurship and the development of enterprises in Vietnam.

However, in fact, the national policy indexes in the Global Entrepreneurship Monitor report (GEM) show a downward trend in assessment (in Table 1). It reached the lowest level in 2017. It is contrary to the efforts of the Vietnamese government to adopt policies that promote entrepreneurship. Governmental Support and Policies had a decrease from 2.93 to 1.9 (a decrease by 1.03 points). This is a large reduction. Taxes and Bureaucracy index also had a decrease of 0.06 from 2.46 in 2013 to 2.4 in 2017 after peaking in 2015 (0.78). It shows that entrepreneurs have a rather negative assessment of startup policies in Vietnam today. By contrast, entrepreneurial intentions in Vietnam tend to increase over the years. Entrepreneurial Intentions rose from 18.2 in 2014 to 25 in 2017.

**Table 1. Government Policies and Entrepreneurial Intentions by GEM in Vietnam**

Indicators	Year		
	2014	2015	2017
Governmental Support and Policies	2.93	2.62	1.9
Taxes and Bureaucracy	2.46	2.78	2.4
Entrepreneurial Intentions	18.2	22.3	25

Source: Compiled by the author using data from Global Entrepreneurship Monitor, <https://www.gemconsortium.org/>.

Therefore, it is necessary to have an overview of Vietnam's policies and rules on entrepreneurship and starting a business as well as of specific assessments of those policies. From such an endeavour, solutions and implications for the Vietnamese government to change or adjust policies appropriately can be drawn. It preserves growth and promotes entrepreneurship, starting a business in Vietnam.

### **3. Research Question/Aims of the Research**

The main goal of this paper is to assess the influence of government policies on entrepreneurship and starting a business. Furthermore, this paper has attempted to delve into details of individuals' assessment of government policies in a particular country, Vietnam, by using survey data collected from The Amway Global Entrepreneurship Report in 2018. Vietnam is a developing country with transition economies. In addition, differences in assessments between groups with different characteristics are explored with the aim of taking a more detailed view of individuals' evaluation of policies government on entrepreneurship and starting a business in Vietnam. Two research questions of interest in this study are:

1. How much influence do government policies have on starting a business compared to other factors?
2. Are government policies beneficial in starting a business over other factors?

#### 4. Research Methods

To achieve the purposes of the study, the paper is conducted using a statistical analysis based on data collected from the Amway Global Entrepreneurship Report (AGER) survey in 2018. AGER is a global survey with the aim to survey the public about the starting-a-business status as well as the state of entrepreneurship, motives, and desires of entrepreneurs in countries around the world. The Amway Global Entrepreneurship Report in 2018 was based on a survey of 48,998 people in 44 countries in the world (AGER, 2018). The research data is collected within the 2018 AGER survey. To conduct the analysis, two questions in the AGER Report relevant to government policies are used:

- What would be most helpful for you, if you were to start a business?
- With which of the following statements about your country do you agree?

To analyse the evaluation of the impact of national policies on entrepreneurship and starting a business, the analytical method used in that paper is statistical analysis. The data are scanned and analysed through Excel software to identify patterns and extract elements suitable for the study. The results presented are related to the statistical data.

#### 5. Findings

The total number of observations in AGER's research data for Vietnam in 2018 includes 1040 observations. The study will use all 1040 observations from AGER's research data for the analysis. The statistical results describing detailed data about the observed samples collected from AGER in 2018 are shown in Table 2.

**Table 2. Descriptive statistics from AGER data in 2018**

Criteria		Samples	Percent (%)	Criteria	Samples	Percent (%)	
Gender	Male	494	47.5	Monthly Net income (USD)	Up to 282.6	99	9.5
	Female	546	52.5		282.6 up to 869.5	695	66.8
Age (years)	15-29	408	39.2		More than 869.5	182	17.5
	30-59	586	56.4		Refused/Don't know	63	6.2
	60+	46	4.4	University Degree	Yes	411	39.5
Regions	North	267	25.7		No	629	60.5
	Central	74	7.1	Self-Employed	Yes	260	25.0
	South	698	67.2		No	780	75.0
Total		1040	100	Total	1040	100	

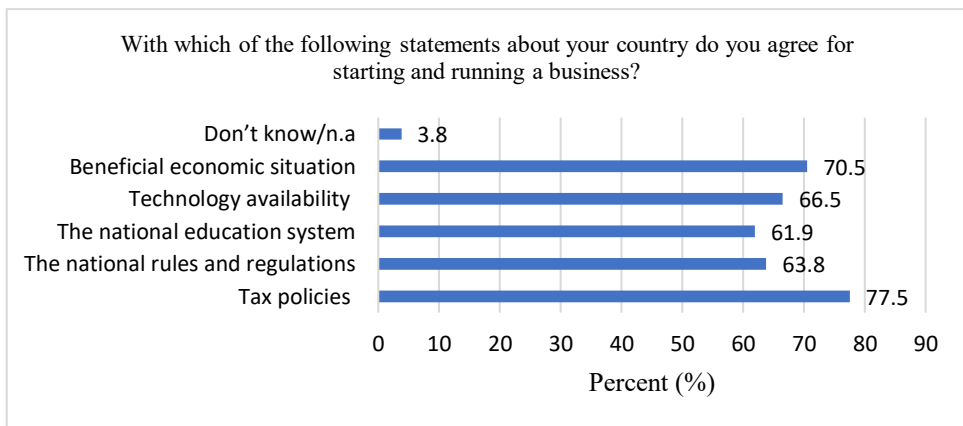
Source: Compiled by the author using data from AGER.

The demographic situation of the respondents is presented further in Table 2. The number of respondents by gender is quite balanced between men and women at 47.5% and 52.5%, respectively. In terms of age, 95.6% of respondents are mainly in the working-age group from 15 to 59 years old, these people mainly have average income (282.6 USD up to 869.5 USD). About 67.2% of the respondents surveyed live in the southern region with the most developed economy in the country. The

proportion of people with university degrees only accounts for 39.5% compared to people without university degrees at 60.5%. In addition, people who are not self-employed account for 75%, while those who are self-employed account for 25%.

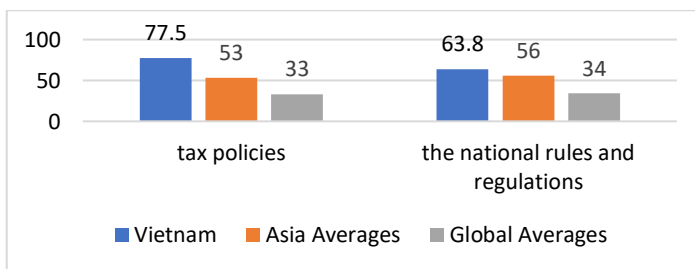
The results of data analysis show that there is a difference between individuals' consent regarding national conditions affecting the entrepreneur to start and run a business. The statistical results are presented in Figure 1. The factors evaluated in the study are the Beneficial economic situation, Technology availability, The national education system, The national rules and regulations, and Tax policies. These are all important factors of a country that affect entrepreneurship and starting a business. Among the factors assessed, there are two factors that show the role of national policies for entrepreneurs: The national rules and regulations, and Tax policies.

The results of statistical analysis show that there is a high rate of consent regarding factors of the nation that influence starting and running a business (over 50%). Besides that, there is a significant discrepancy in those rating levels. Tax policies of the country have the highest rate of consent with 77.5% of respondents. This is followed by assessments of the Beneficial economic situation (70.5%), Technology availability (66.5%), The national rules and regulations (63.8%), and the final factor is The national education system (61.9%).



**Figure 1. National factors affect starting and running a business**

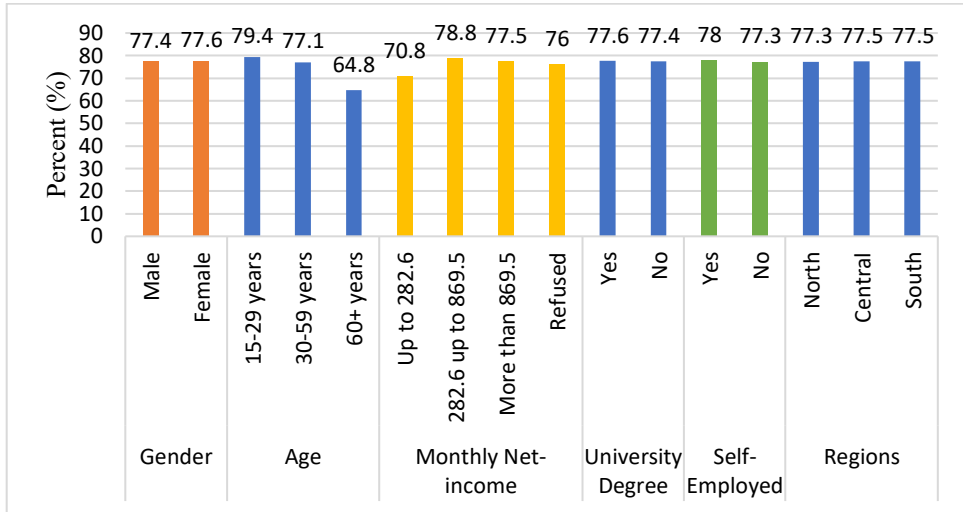
Source: Compiled by the author using data from AGER.



**Figure 2. The assessment among Vietnam, Asia Averages and Global Averages**

Source: Compiled by the author using data from AGER.

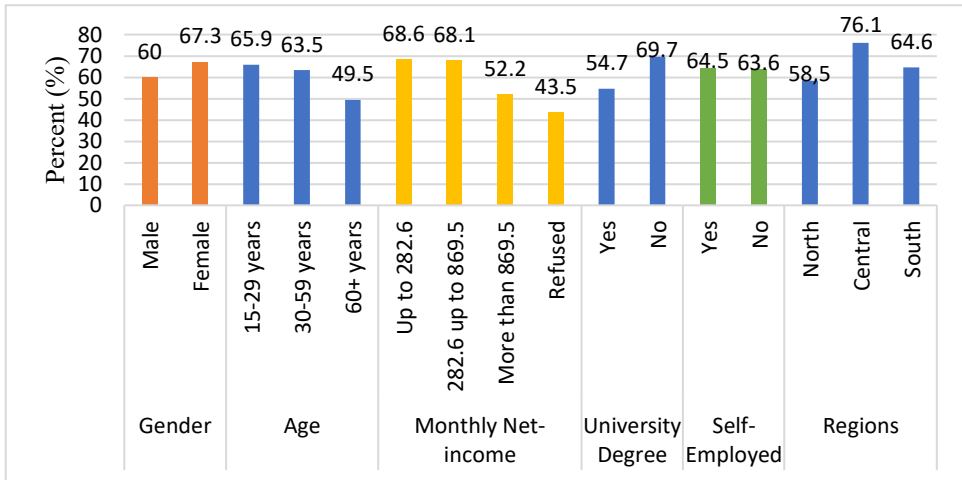
The difference between the level of assessment among Vietnam, Asian averages, and Global averages are presented in Figure 2. The results illustrate that the national policies on Tax policies and The national rules and regulations in Vietnam are higher than the others. So, it shows that national policies have a significant influence on entrepreneurship and starting a business in Vietnam.



**Figure 3. Differences in the assessment of tax policies**

Source: Compiled by the author using data from AGER.

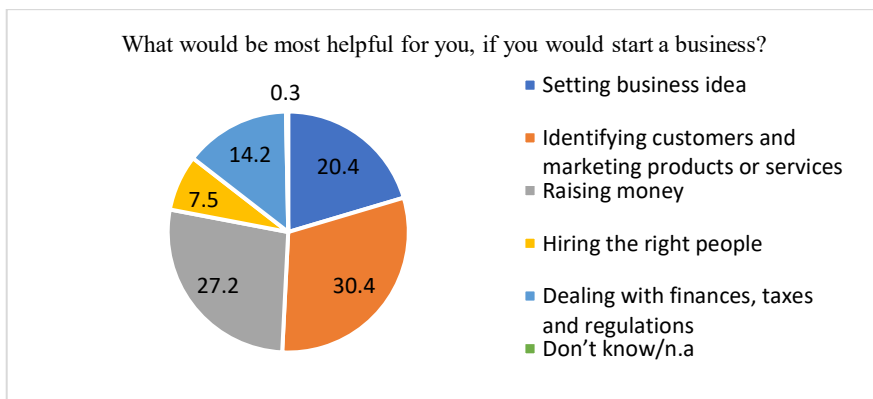
The results of a detailed analysis are shown in Figure 3. Furthermore, the results point out the difference in the rate of consent of individuals regarding the impact of national tax policies on entrepreneurship. It is not a significant difference in the assessment rates among the characteristics of entrepreneurs such as gender, university degree, self-employed, and regions. The rates are quite similar and are high. There is only a difference in the rate of assessing the effect of the national tax policies on entrepreneurial characteristics on Age and Monthly Net income. The age group over 60 has a lower rating (64.8%) compared to those of young ages (the rate of assessment is over 77%). In Vietnam, the elderly have more tax incentives than young people and people of working age. As concerns the Monthly Net income, low-income respondents have a lower rating than those with middle income and high-income respondents. This can be explained by the fact that a ladder tax system is being applied in Vietnam with higher tax rates for high-income and middle-income earners and low tax rates for low-income earners.



**Figure 4. Differences in the assessment of national regulations and rules**

Source: Compiled by the author using data from AGER.

The results of analysing the differences in the evaluation of national regulations and rules are illustrated in Figure 4. The percentage of female respondents who agree is higher than that of male respondents, but the elderly respondents have lower rates of consent than those of working-age respondents. Besides, respondents with high-income levels or university degrees have lower rates of consent compared to the others. Furthermore, respondents in the central region have a much higher rating than respondents in the other two regions. As for the business model (self-employed), there is a similar rating among groups.



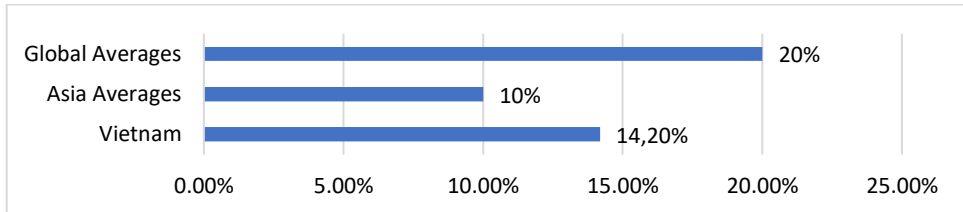
**Figure 5. Factors affecting the starting a business**

Source: Compiled by the author using data from AGER.

Another question regarding the role of helpful factors when starting a business, the AGER report outlines five key factors: Setting business ideas, Identifying customers and marketing products or services, Raising money, Hiring the right people, Dealing with finances, taxes, and regulations. Evaluation results are shown



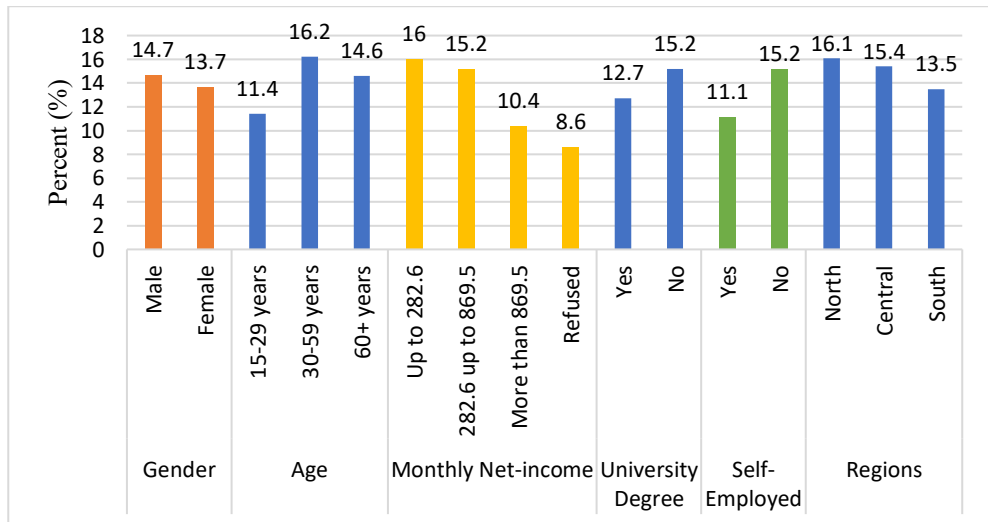
in Figure 5. The results show that the factor Dealing with finances, taxes, and regulations is not among the important factors when starting a business (the rate is 14.2% - fourth among surveyed factors) after The settings business idea, Identifying customers and marketing products or services, Raising money. These are rather internal factors of individuals themselves than the external factors such as Hiring the right people and Dealing with finances, taxes, and regulations.



**Figure 6. Dealing with finances, taxes and regulations among Vietnam, Asia Averages and Global Averages**

Source: Compiled by the author using data from AGER.

Compared with the Asian averages and Global averages, the results in Figure 6 show that the percentage of respondents in Vietnam is higher than the Asian averages and lower than the Global averages.



**Figure 7. Differences in the assessment of the role of national policies and rules when starting a business**

Source: Compiled by the author using data from AGER.

A detailed assessment of the differences of respondents with different characteristics regarding the ability to dealing with finances, taxes, and regulations when starting a business is shown in Figure 7. Results indicated that there was a difference in the level of consent between different individuals. Thus, the rate of the

consent of male respondents is higher than that of female respondents. The respondents with university degrees and not self-employed had a higher rate of consent than the rest. In terms of Age, people aged 30-59 have a higher rate of consent compared to respondents over 60 years old and respondents aged 15-29 years old, respectively. In addition, the respondents with high incomes have low levels of consent. Besides, the consent rate of respondents in the north is higher than that of the others in central and southern regions, respectively.

Through the statistical analysis, the results show that there is a significant influence of national policies on entrepreneurship and starting a business in Vietnam. Most respondents agree that the national tax and regulations policies have an essential impact on entrepreneurship and starting a business in Vietnam. However, policy factors are not an important factor when starting a business. It is influenced by the individual's internal factors when starting a business. Besides, factors such as gender, age, monthly income, college degree, self-employment, and place of residence help determine certain differences in the effects of national policy on entrepreneurship and starting a business. The results confirm the research hypotheses about the effects of national policies on entrepreneurship and starting a business.

## **6. Conclusions**

Entrepreneurs always want to survive and develop a healthy and sustainable business environment. Besides, good policies will encourage potential entrepreneurs to start their business activities. Therefore, countries and governments always need to have policies and laws that are suitable for the characteristics of entrepreneurs and friendly to businesses. Thus, it can considerably contribute to support and promote entrepreneurship and starting a business in the nation.

This paper contributes to the study of entrepreneurship and starting a business by assessing the impact of national policies and rules on entrepreneurship and starting a business. The research results show that numerous respondents evaluate the national regulations and rules of Vietnam affecting entrepreneurship and starting a business. More precisely, tax policies have a strong impact on the entrepreneurship of entrepreneurs. However, entrepreneurs feel that national regulations and rules are not the most essential factor when starting a business. In addition, government policies should focus on differences in individual characteristics such as gender, university degree, self-employed, and regions. Based on this, appropriate policies can be created. In addition, through some indicators from GEM, entrepreneurs assess that the support of national policies tends to go down. It contrasts with the high level of agreement of respondents regarding national policy for starting a business. This indicates the asynchronous influence of current policies in Vietnam.

It is why identifying and analysing the influence of national policies and rules on entrepreneurship and starting a business constitute both an interesting challenge and a valuable research effort. Furthermore, in this paper, we examine the differences in assessment across groups of respondents with different characteristics. This provides a more detailed and specific view of the influence of national policies and laws.

In addition, there are also some limitations of current research. First, the study sample is based on global survey data conducted by AGER. Based on the available data, the study cannot further analyse in detail the effects of government policies and rules on entrepreneurship in Vietnam. Therefore, other factors regarding the influence of government policies and laws on entrepreneurship need to be identified and considered, meaning that some observations do not completely reflect the reality and cannot be construed. This is the reason future studies that may focus on these problems.

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