

**INTERNATIONAL JOURNAL OF ENGINEERING SCIENCES & RESEARCH  
TECHNOLOGY****FACTORS AFFECTING THE POTENTIAL OF BUSINESS START-UPS  
OF UNIVERSITY STUDENTS IN HO CHI MINH CITY****Nguyen Ngoc Chien\***

\*MBA- Nui Xanh Long An one member limited liability company

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**ABSTRACT**

Based on the theory of business start-up, this study examines the impact of individual experience factors (experiences in university) and a number of environmental factors lead to the start-up of students in Ho Chi Minh City. The study uses questionnaire surveys to ask 250 college students from nine universities in Ho Chi Minh City. The author examines nine proposed hypotheses. The final results show that only one hypothesis is not supported, while the remaining eight hypotheses are supported. Business passion has the highest level of impact on the perception of desire as well as the intention to start a business, while the personal ability to self start-up has a greater impact on start up intention. Based on the study's finding, the author suggests some recommendations for universities and government organizations to promote the potential for start-ups of university students in HCMC

**KEYWORDS:** *start up, personal experience, startup of student, environmental factors***I. INTRODUCTION**

Starting up a business by creating new companies is a driving force for the economic development. The development of an economy is due to the development of both quantity and quality of the businesses. Starting from the practical needs that starting a business by creating new companies is a driving force for the economic growth and job creation for the society. Therefore, the factors that affect the potential for start-ups among young people, especially among students, need to be measured to promote entrepreneurial spirits and student achievements. The reason for the special attention to promote start-ups in college students is because of the fact that high-profile entrepreneurs will create fast-paced and robust businesses for the economy. However, the field of research on potential start-ups now has some research gaps including: (1) mainly concentrate on developed economies; (2) the impact of university training on potential start ups in students is controversial; (3) lack of researches combining the impact of environmental factors on personal experiences through university learning on the potential for start-ups; and (4) there is no quantitative study examining the impact of extra-curricular activities on the potential of start up among students. Therefore, a study on the factors affecting the potential for start-ups of college students is significant in both theoretical and practical scope.

**Theoretical background and research model**

Business start-up: An individual (individual or group) creates a new business. There are many different schools of research on start up, but most of those are the inheritance of the theoretical approach to rational behavior and the intended models. Accordingly, start-up is a process that an individual need to have the potential to start a business before start-up. Then, the potential of start-up will lead to the plan of business and then carry business activities. advance activities of business planning. In order to promote start up, it requires an impact from the potential stage. Potential business start-upers are those who will take risks and take the necessary actions when they see some signs of a business opportunity (Krueger and Brazeal, 1994). The potential for start-up is represented by two groups of factors: (1) Individuals who intend to start a business and (2) factors related to the Confident ability to start a business. A potential start-uper must feel they have enough confidence and desire for start up. Individuals have the wish to start up a business may never do start-up because they think they can not afford. In contrast, individuals who are confident enough about the ability to undertake business activities will never be able to open a company because they do not like or do not intend

## II. PROPOSED RESEARCH MODEL

The research model along with the hypotheses was constructed on the review of the previous studies which proposed main factors affecting the potential for start up. Therefore, this research will focus on exploring the relationship between individual experiences incorporating environmental factors and the potential start-up within students

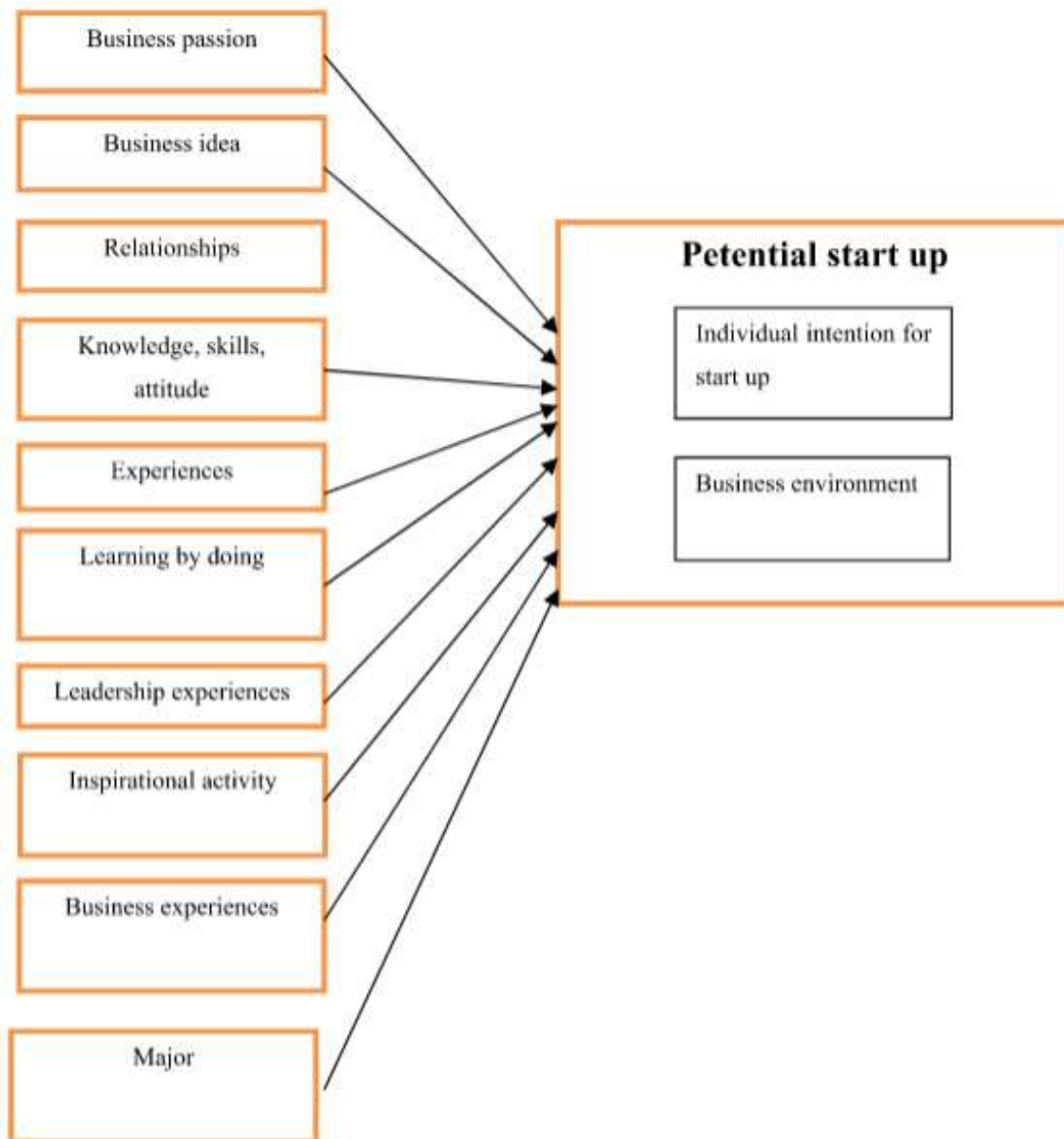


Figure 1: The proposed research model 1

### Research process

#### Step 1: Preliminary research

+ Qualitative research: to examine, screen and determine the relationships between variables in the initial theoretical model and to calibrate the scales used in previous quantitative studies. The author conducted 10 in-depth interviews and one group discussion with final year students at 6 universities in Ho Chi Minh City.

+ Quantitative research: this process is done by a detailed questionnaire with a convenient small sample (154 students). This data is intended for a preliminary assessment of the reliability and validity of the scale. In addition, the standardization of the terminology and the addition of a scale are performed to suit the context and conditions of Vietnam before conducting official interviews.

Step 2: official study

### **Quantitative research**

After the qualitative research, the results show that the hypotheses in the model are suitable. The scales are checked once by the preliminary quantitative study. Then, the official quantitative study is performed by questionnaire. The purpose is to collect the information needed for the study to test the model and the hypotheses. The questionnaire in this study was based on the inheritance scale of the variables used in previous studies except for the scale of "extra-curricular activities" which was developed by the author.

### **Data collection**

The sample are university students who are in the last year. They come from different majors including engineering, economics and business administration in 9 schools. Of which 6 are in the business and 3 schools are in the technical majors. In order to achieve the objective of the research, the author selected a non-random sampling method which is convenience sampling. The optimal sample size depends on the reliability, the data analysis method and the estimation method used in the study. To conduct the best regression analysis, according to Tabachnick and Fidell (1996), Sample size should be  $n \geq 8m + 50$  ( $m$  is the independent variable in the model). According to Aprimer,  $n \geq 104 + m$ . To verify the scale, the researchers did not give a specific number of samples needed, but given the ratio between the number of samples needed and the number of parameters estimated. While Hoàng và Chu (2008) propose that the ratio is 4 or 5. In this study, all 39 variables need to perform factor analysis, so the required sample size is  $39 \times 5 = 195$ . To ensure the reliability of the survey, although the sample size requirement was only 195, the author decided to use 250 direct questionnaires and 40 indirect questionnaires by online survey. The author conducts sample control throughout the survey to ensure that the sample is representative. Data analysis is done by using SPSS.

### **The study's findings and discussion**

#### ***Reliability and validity test***

Cronbach's Alpha results for independent and dependent variables show that all Cronbach's Alpha coefficients (except for the TTE scale) is greater than 0.7 (lowest 0.700, highest is 0.86), all "scales if items deleted" values are lower than the Cronbach's Alpha and the "Total variable correlation" value is greater than 0.3. Thus, the scales of this study meet the reliability requirement. The results of EFA analysis at the same time for 9 factors. Varimax rotation showed that eight groups of factors were extracted. Most of the measurement criteria were loaded at the root factor with the lowest load factor of 0.569 and the highest of 0.877 (excluding the TTE 4 and TTE 5). Considering the content, the 'real-time learning mode' was eliminated by two TTE4 and TTE5 observation variables because of a negative correlation coefficient less than 0.3 and. The result of this scale shows three observation variables, leaving Cronbach's Alpha for the TTE scale of 0.7. The EFA analysis shows that three variables of the 'business experience' scales are downloaded together with four observations of the 'leadership experience scale' into one factor. Revisiting the theory, the author combines these two variables into a new variable called "personal ability of start-up" that has seven observed variables. Thus the author adjusts the model and hypothesis of research as follows:

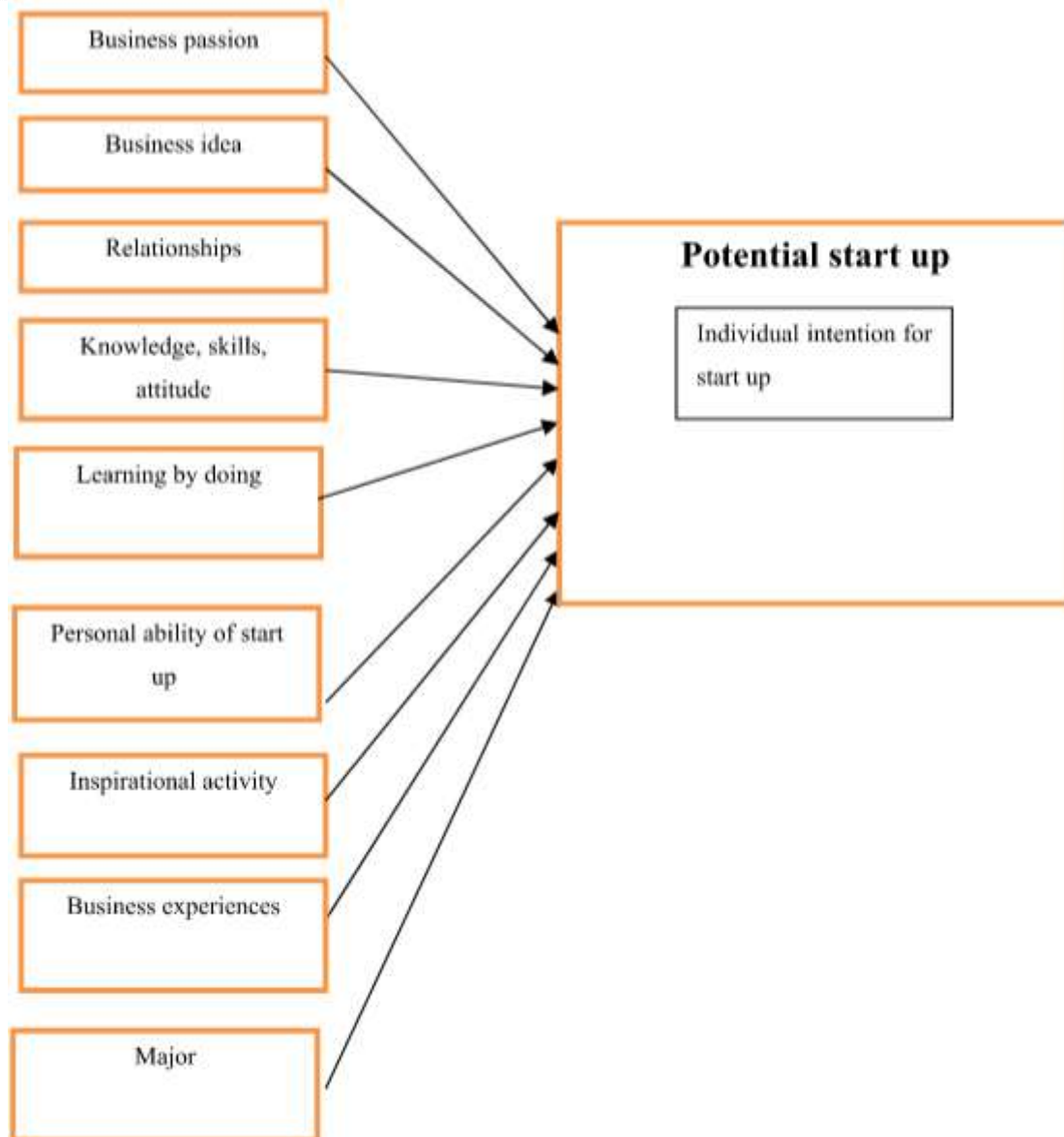


Figure 1: The proposed research model 2

### III. RESULTS OF HYPOTHESIS TESTING

Before the regression testing, the hypotheses in the correlated correlation matrix model were tested to examine correlations between variables. The author then runs two regression models corresponding to two dependent variables that represent two aspects of the entrepreneurial potential. In the first regression, the dependent variable is the perception of the Potential start up. Initially, when three control variables were introduced, the mean was significant ( $R^2 = 0.007$ ,  $F = 2.715$ ,  $p < .05$ ). The business experience of opening a company or contributing capital to a company with a positive relationship is statistically significant with a feeling of desire for developmental skills ( $\beta = .014$ ,  $p < .05$ ), while gender and family does not have a statistically significant relationship to the perception of the desire for start up. In model 2, when independent variables were introduced, the model was statistically significant ( $R^2$  adjusted 0.341,  $F$  modeled 33.223,  $p < .001$ ). The three control variables in the full model have no statistically significant relationship with the perception of strat up. Only 7 out of 8 independent variables are statistically significant with a feeling of desire for development. Mayjor was not statistically significant ( $P > .1$ ). The level of impact of the seven factors is in descending order in turn: (1) passion (2) Knowledge, skills and attitudes, (3) Business ideas, (4) Relationship (family, customer, supplier, government), (5) personal ability of start up (6) Experience (7) Inspirational activity. The second regimen of

factors influencing the potential for start up in terms of initial confidence. Control model, significant pattern (R2 adjusted 0.070, F = 18.222, p <.001). The two control variables used to open the company or open equity ( $\beta = .107$ , p <.01) and relationships such as self-employed ( $\beta = .253$ , p <.01). 001) has a statistically significant positive relationship with the feeling of self-esteem of start up. Multivariate regression models were statistically significant, the change was statistically significant and the variables accounted for 39.8% of the variance of the dependence variable (K = .398, p <.001 F of the model = 42,300, p <.001). All independent variables have a statistically significant positive relationship with the dependent variable, which is the confidence of the respondents. The level of impact of the eight factors in descending order is (1) personal ability of start up ( $\beta$  normalized = .282, p <.001), (2) Knowledge, skills and attitudes ( $\beta$  normalized = .181, p <.001, (4) Relationships (family, customers (p. .001) (7) Inspirational activities ( $\beta$  normalization = .073, p <.05) and (8) Business idea (standardized  $\beta = .069$ , p < So all hypotheses H1b, H3b, H4b, H5b, H6b, H7, H8b, H9b are supported.

#### IV. CONCLUSIONS AND SUGGESTIONS

##### Suggests For universities

Firstly, universities must be aware of their important role in creating the potential for student succession. Secondly, universities should organize extra-curricular business-oriented activities outside the formal training program and encourage students to participate in extra-curricular activities related to business. Third, universities should enhance start-up inspirational activities for students in the school. Fourth, universities should put the subject of the training in the teaching in both the business and IT sectors. Fifth, universities should enhance the application and practice in teaching. Sixth, business incubation centers in universities should be built. Seventhly, it is necessary to strengthen the practical learning methods in training activities of the schools.

##### For local Authorities

Promoting the potential for career advancement in college students is the task of the whole society as the students' perceptions and actions are impacted by environmental factors. From the research results, it can be seen that the macro management agencies need to do the following: First, strengthen the propaganda in the society about typical examples of successful entrepreneurs to students to build up the aspire of "Get rich". Secondly, macroeconomic administrations also need to organize activities that promote national entrepreneurship and support universities in activities that increase the potential of their students.

##### Contribute theoretical and practical

Based on the findings of this study, the study has both theoretical and practical relevance. The theoretical research has confirmed the impact of the accumulated individual experience in the process of higher education to the potential of students' start up, apart from the environmental factors and personal experiences that have been confirmed in previous studies. In practical terms, research helps policy makers gain more insights to develop appropriate measures to promote career development in the student population. The study also clarifies some of the limitations and further research direction in this area to further explore understanding in the

##### Conclusion

Research results determine the factors affecting the potential start up of students. Specifically, the research shows that the factors that contribute to the desire for human development (the first aspect of business potential) are business passion, business ideas, relationships, knowledge, techniques. and attitudes, experiences, practical learning methods, inspirational activities, and business experiences. The factors that influence positive self-esteem (the second aspect of entrepreneurial potential) are the passion for business, knowledge, skills and attitudes, business ideas, relationships and abilities, self-starter, experience, inspirational activity, and practical learning. In particular, entrepreneurial passion is the most influential factor in the desire for personal development while personal ability of self-help is the strongest factor to feel confident in the development of the start up.

#### V. LIMITATION

This research only investigates the potential of students' start-up, not actual practice. Since it is a cross-sectional study, it is not possible to compare the change in potential start-up over time and its variability when it leads to actual start up behavior. In fact, there are many other factors that can influence the desire and self-esteem of start-up, but have not been considered in this study. Limitations also show on data collection methods.

## VI. FUTURE RESEARCH

Firstly, empirical research can be made to clarify the relationship between entrepreneurial potential, planning for start-up, and decision-making on start-up - actions that can take place for a long time afterwards. Secondly, future study should combine different approaches in one model. Thirdly, it is also possible to study the difference between motivational groups, different starting points. Fourthly, it is possible to expand research on the potential of students' start-up and the impact of university training on the potential and intentions of their students, such as studying the potential of business succession in different disciplines. Different grades, different ages. New studies may also continue to test the scale developed in this study in studies in other environmental settings. Finally, future research can explore the different contexts of start-up in order to find new knowledge in the given field.

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