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Socialism and Entrepreneurship

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Preface

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List of abbreviations

Abbreviations of data sources

| | | | |
|--------------|--|-----------------|---|
| BHP | Establishment History Panel | IHS | Integrated Household Survey |
| CDCEE | Consolidation of Democracy in Central and Eastern Europe | ISJP | International Social Justice Project |
| CEBR | Romanian Centre for Entrepreneurship and Business Research | ISSP | International Social Survey Program |
| CEEB | Central and Eastern Eurobarometer | LiTS/LIT | Life in Transition |
| CHIP | Chinese Household Income Project | NDB | New Democracy Barometers |
| CSPP | Centre for the Study of Public Policy | NES | American National Election Studies |
| DJI | Deutsches Jugend Institut | PCP | Post-Communist Publics |
| ESS | European Social Survey | PG | Paths of a Generation |
| EVS | European Values Surveys | PIRLS | Progress in International Reading Literacy Study |
| FE | Flash Eurobarometer | RAS | Russian Academy of Sciences |
| FLO | Federal Labor Office | RCPOR | Russian Center for Public Opinion Research |
| GDRS | German Democratic Republic Statistics | RLMS | Russian Longitudinal Monitoring Survey |
| GEDI | Global Entrepreneurship and Development Index | SEIAR | Survey of Employment, Income, and Attitudes in Russia |
| GEM | Global Entrepreneurship Monitor | SOEP | Socio-Economic Panel |
| GGG | Generations and Gender Survey | SSS | Social Stratification Survey |
| GGSS | German General Social Survey | TMCPP | Times Mirror Center for the People and the Press |
| GOR | The Gallup Organization Romania | ULMS | Ukrainian Longitudinal Monitoring Survey |
| GSIS | German Social Insurance Statistics | USSR | Union of Soviet Socialist Republics |
| GSO | General Statistics Office of Vietnam | VHLSS | Vietnam Household Living Standards Survey |
| GSOEP | German Socio-Economic Panel | WES | Wage and Earnings Survey |
| HCSO | Hungarian Central Statistical Office | WVS | World Values Surveys |

List of abbreviations (continued)

Other abbreviations

| | |
|-----------------|---|
| ASEAN | Association of South-East Asian Nations |
| CFI | Comparative Fit Index |
| CMEA | Council for Mutual Economic Assistance |
| CP | Communist Party |
| E.g. | Exempli gratia (for example) |
| Et al. | Et alii (and others) |
| FDI | Foreign direct investment |
| FYP | Five-Year Plan |
| GDP | Gross domestic product |
| HCM | Ho Chi Minh |
| HCMC | Ho Chi Minh City |
| IT | Information technology |
| NEZs | New Economic Zones |
| NFHHBs | Non-farm household businesses |
| No. | Number |
| Non-SOEs | Non-state-owned enterprises |
| Ph.D. | Doctor of Philosophy |
| RMSEA | Root Mean Square Error of Approximation |
| SMEs | Small-medium sized enterprises |
| SOCBs | State-owned commercial banks |
| SOEs | State-owned enterprises |
| SRV | Socialist Republic of Vietnam |
| TPB | Theory of planned behavior |
| US | United States |
| USD | United States Dollar |
| VND | Vietnam Dong |

Summary in English

The formerly communist countries in Central and Eastern Europe (transitional economies in Europe and the Soviet Union – for example, East Germany, Czech Republic, Hungary, Lithuania, Poland, Russia) and transitional economies in Asia – for example, China, Vietnam had centrally planned economies, which did not allow entrepreneurship activities. In transition countries, the economy shifted from one based on central planning changed to one with a free market supported by economic freedom and encouragement of private business development after the collapse of the Soviet Union around 1989. Despite the political-socioeconomic transformations in transitional economies, they still had an institutional heritage that affects individuals' values and attitudes, which, in turn, influence intentions, behaviors, and actions, including entrepreneurship. This dissertation addresses recent research gaps in the literature on socialism and entrepreneurship.

In spite of a considerable interest in socialism and entrepreneurship research, existing studies lack systematization and categorization. Several prior studies have investigated a review of the literature on entrepreneurship in transition economies, these studies investigated individual-countries, at the firm level and the country level. Yet, to date, few literature reviews have been done on entrepreneurship at the individual level in transition economies. In addition, no review has investigated the effect of socialism on entrepreneurship with a bibliometric approach. This dissertation, therefore, addresses these research gaps by providing a bibliometric analysis and a systematic literature review of three sub-streams in socialism and entrepreneurship research at the individual level over a 30-year period (1990-2020). In particular, this review (Chapter 2) focuses on three sub-streams in the effect of socialism on individuals' values and attitudes, individuals' attitudes toward entrepreneurship, and entrepreneurship activity of individuals.

The findings show that the majority of studies investigated these research streams in the 2010-2020 period. Surprisingly, there were only four articles on socialism and individuals' view on entrepreneurship. In terms of geographic regions, European countries, Germany (East-West differences) in particular, received the most attention. Moreover, the overall review revealed that the long-suffering vestiges of communism lead individuals with a socialist history to fear failure, prefer government intervention, which, in turn, negatively impacts on entrepreneurship activity. However, other existing studies provided mixed findings.

With respect to how the socialist heritage affects entrepreneurship outcomes, prior studies have focused on limited geographical regions (e.g., East-West Germany, and East-West Europe). This thesis focuses on the Vietnamese context, which offers a unique quasi-experimental setting. In 1954,

Vietnam was divided into the socialist North and the non-socialist South, and it was then reunified under socialist rule in 1975. Thus, the intensity of differences in socialist treatment in North-South Vietnam (about 21 years) is much shorter than that in East-West Germany (about 40 years) and East-West Europe (about 70 years when considering former Soviet Union countries). The case of Vietnam provides information on whether socialist legacy still matters for entrepreneurial outcomes when the differences in exposure are relatively small and go further back in history (Chapter 5).

This thesis finds that individuals from North Vietnam have lower entrepreneurship intentions, are less likely to enroll in entrepreneurship education programs, and display lower likelihood to take over an existing business, compared to those from the South of Vietnam. These findings indicate the enduring influence of historical and institutional arrangements on entrepreneurship outcomes. The long-lasting effect of formerly socialist institutions on entrepreneurship is apparently deeper than previously discovered in the prominent case of East-West Germany and East-West Europe as well.

Individual reasons for career path intentions have attracted researchers' attention since it helps policymakers design career-oriented programs for particular groups in society. Despite that, few studies have examined career choice reasons among employee, founding, and succession intentions. This dissertation focuses on how succession intentions differ from others (e.g., founding, and employee intentions) regarding career choice motivation, and the effect of three main elements of the theory of planned behavior (e.g., entrepreneurial attitude, subjective norms, and perceived behavioral control) (Chapter 6). The findings of this thesis suggest that an intentional founder is labeled with innovation, an intentional successor is labeled with roles motivation, and an intentional employee is labeled with social mission. Additionally, this thesis reveals that entrepreneurial attitude and perceived behavioral control are positively associated with the founding intention, whereas there is no difference in this effect between succession and employee intentions. These findings provide important information for practitioners and policymakers with a better understanding of the determinants of individual further career decisions, and consequently set up career training programs tailored to the needs of each type of these career choices (e.g., founding, succession, and employee intentions).

Zusammenfassung

Die ehemals kommunistischen Länder in Mittel- und Osteuropa (Übergangswirtschaften in Europa und der Sowjetunion - z.B. Ostdeutschland, Tschechische Republik, Ungarn, Litauen, Polen, Russland) und Übergangswirtschaften in Asien - z.B. China, Vietnam - hatten zentrale Planwirtschaften, die unternehmerische Aktivitäten nicht zuließen. In den Übergangsländern verlagerte sich die Wirtschaft nach dem Zusammenbruch der Sowjetunion um 1989 von einer Wirtschaft, die auf zentraler Planung beruhte, zu einer Wirtschaft mit einem freien Markt, der durch wirtschaftliche Freiheit und die Förderung der Entwicklung privater Unternehmen unterstützt wurde. Trotz der politischen und sozioökonomischen Transformationen in den Übergangswirtschaften verfügten diese immer noch über ein institutionelles Erbe, das sich auf die individuellen Werte und Einstellungen auswirkt, die wiederum die Absichten, Verhaltensweisen und Handlungen, einschließlich des Unternehmertums, beeinflussen. Die vorliegende Arbeit befasst sich mit diesen Zusammenhängen, indem sie Lücken in der Forschung zu Verbindungen von Sozialismus und Unternehmertum aufdeckt.

Trotz eines erheblichen Interesses an der Forschung zu Sozialismus und Unternehmertum mangelt es den vorhandenen Studien an einer Systematisierung und Kategorisierung. Einige frühere Arbeiten unternahmen eine Durchsicht der Literatur über Unternehmertum in Übergangswirtschaften, diese Arbeiten unternahmen einzelne Länder, auf Unternehmens- und Länderebene. Einige wenige Literaturübersichten über das Unternehmertum auf individueller Ebene in Übergangswirtschaften wurden jedoch durchgeführt. Darüber hinaus wird in keiner Übersichtsrecherche die Auswirkung des Sozialismus auf das Unternehmertum anhand eines bibliometrischen Ansatzes untersucht. Die vorliegende Dissertation befasst sich daher mit diesen Forschungslücken, indem sie eine bibliometrische Analyse und eine systematische Literaturrecherche zu drei spezifischen Themen im Zusammenhang mit Sozialismus und Unternehmertum auf individueller Ebene über einen Zeitraum von 30 Jahren (1990-2020) liefert. Insbesondere konzentriert sich diese Übersicht (Kapitel 2) auf drei Forschungsrichtungen, die sich mit den Auswirkungen des Sozialismus auf den Einzelnen befassen: Werte und Einstellungen, Einstellungen zur Förderung des Unternehmertums und unternehmerische Aktivitäten.

Die Ergebnisse zeigen, dass die Mehrheit der Studien diese Forschungszweige im Zeitraum 2010-2020 untersucht hat. Überraschenderweise gab es einige wenige Studien (vier Artikel) über Sozialismus und die Sicht des Einzelnen auf das Unternehmertum. Was die geographischen Regionen betrifft, so erhielten die europäischen Länder, insbesondere Deutschland (Ost-West-Unterschiede), die meiste Aufmerksamkeit. Darüber hinaus ergab die Gesamtüberprüfung, dass die langwierigen Überreste des Kommunismus Menschen mit sozialistischer Geschichte dazu veranlassen, das Scheitern zu fürchten und staatliche Interventionen zu bevorzugen, was sich wiederum negativ auf die

unternehmerische Tätigkeit auswirkt. Andere vorhandene Studien lieferten jedoch gemischte Ergebnisse.

Im Hinblick darauf, wie sich das sozialistische Erbe auf die Ergebnisse des Unternehmertums auswirkt, konzentrieren sich frühere Studien auf bestimmte geografische Regionen (z.B. Ost-Westdeutschland und Ost-Westeuropa). Diese Arbeit fokussiert den vietnamesischen Kontext, der einen einzigartigen quasi-experimentellen Rahmen bietet. Aufgrund der institutionellen und historischen Bedingungen wurde Vietnam 1954/1955 in den sozialistischen Norden und den nicht-sozialistischen Süden geteilt und 1975 unter sozialistischer Herrschaft wiedervereinigt. Die Intensität der Unterschiede in der sozialistischen Behandlung in Nord-Süd-Vietnam (ca. 21 Jahre) ist, gemessen an der Dauer, somit wesentlich geringer als in Ost-Westdeutschland (ca. 40 Jahre) und Ost-Westeuropa (ca. 70 Jahre, wenn man die Länder der ehemaligen Sowjetunion betrachtet). Der Fall Vietnam gibt Aufschluss darüber, ob das sozialistische Erbe für unternehmerische Ergebnisse noch von Bedeutung ist, wenn die Unterschiede in der Exposition relativ gering sind und weiter in die Geschichte zurückreichen (Kapitel 5).

Diese Arbeit kommt zu dem Ergebnis, dass Personen aus Nordvietnam im Vergleich zu denen aus Südvietnam geringere unternehmerische Absichten haben, sich seltener an Ausbildungsprogrammen für Unternehmertum anmelden und eine geringere Wahrscheinlichkeit aufweisen, ein bestehendes Unternehmen zu übernehmen. Diese Ergebnisse weisen auf den anhaltenden Einfluss historischer und institutioneller Arrangements auf die Ergebnisse des Unternehmertums hin. Der lang anhaltende Einfluss ehemals sozialistischer Institutionen auf das Unternehmertum ist offenbar tiefer als im prominenten Fall Ost-Westdeutschlands und auch Ost-Westeuropas.

Berufswahlgründe für Karrierepfadabsichten haben die Aufmerksamkeit der Forscher auf sich gezogen, da sie den politischen Entscheidungsträgern helfen, karrierebezogene Programme für bestimmte Gruppen der Gesellschaft zu entwerfen. Einige wenige Studien haben die Gründe für die Berufswahl bei Arbeitnehmer-, Gründungs- und Nachfolgeabsichten untersucht. Die vorliegende Dissertation konzentriert sich auf die Frage, wie sich die Nachfolgeabsicht hinsichtlich der Karrierewahlmotivation sowohl von den Gründungs- als auch von den Arbeitnehmerabsichten unterscheidet, sowie auf die Wirkung von drei Hauptelementen der Theorie des geplanten Verhaltens (z.B. unternehmerische Einstellung, subjektive Normen und wahrgenommene Verhaltenskontrolle) (Kapitel 6). Die Ergebnisse legen nahe, dass ein intentionaler Gründer mit Innovation, ein intentionaler Nachfolger mit Rollen Motivation und ein intentionaler Mitarbeiter mit sozialer Mission etikettiert wird. Darüber hinaus wird aufgedeckt, dass unternehmerische Einstellung und wahrgenommene Verhaltenskontrolle positiv mit der Gründungsabsicht assoziiert sind, während es in diesem Effekt keinen Unterschied zwischen Nachfolge- und Mitarbeiterabsichten gibt. Diese Ergebnisse liefern Praktikern

wichtige Informationen für ein besseres Verständnis der Determinanten der weiteren Karriereentscheidungen von Individuen. Es können infolgedessen Berufsausbildungsprogramme aufgestellt werden, die auf die Bedürfnisse jeder Art dieser Karriereentscheidungen (z.B. Gründung, Nachfolge und Mitarbeiterabsichten) zugeschnitten sind.

1. Introduction

This thesis focuses on the effect of socioeconomic heritage on individuals' values and attitudes, and entrepreneurship outcomes, including entrepreneurial intentions, succession intentions, and entrepreneurship education programs in transition economies. By doing so, Chapter 2 offers a bibliometric and a systematic literature review on the effect of the socialist legacy on individuals' values and attitudes, individuals' attitudes toward entrepreneurship, and entrepreneurial activity of individuals, which is an important review to identify existing research gaps. While Chapter 3 provides a brief overview of historical and institutional conditions in Vietnam, Chapter 4 presents questionnaire design, method of data collection, and a sample of a dataset, which is used for Chapters 5, and 6. Chapter 5 analyzes the effect of the historical and institutional legacy on entrepreneurship outcomes in the context of Vietnam. Chapter 6 addresses how succession intentions differ from founding and employee intentions in career choice reasons, and the influence of three main theory of planned behavior components. Finally, Chapter 7 concludes with a summary and discussion of the main findings of this dissertation, offers theoretical and practical implications, and closes with limitations and suggestions for further research.

1.1 Motivation

Institutions consist of formal arrangements (e.g., rule of the game: laws, regulations, and constitutions) and informal framework (e.g., norms and values, conventions, codes of behavior, and the conduct of society) (North, 1990, 1994). That has a profound impact on individuals' values and attitudes, behaviors, and actions, which persist in informal institutions (Adam-Müller et al., 2015; Alesina & Fuchs-Schündeln, 2007; Schwartz & Bardi, 1997; Schwartz et al., 2000; Wyrwich, 2013a). This dissertation, therefore, addresses several existing research gaps related to institutions, particularly the relationship between the socialist legacy and individuals' values and attitudes, individuals' attitudes toward entrepreneurship, and entrepreneurship outcomes of individuals.

The following two subsections present the background in socialism and entrepreneurship (Section 1.1.1) and Vietnam setting (Section 1.1.2) as well as the relevant research to this dissertation. Subsequently, Section 1.2 and 1.3 introduce the research questions and the structure of the dissertation, respectively.

1.1.1. Research context: Socialism and entrepreneurship

The ideologies of socialism and communism grew out of the Marxist-Leninist philosophy (Li, 2017). Although they are not identical, socialism and communism have been used synonymously in academic studies (Estrin & Mickiewicz, 2011). Their typical characteristic is the overwhelming role of the state in both the economic and political arenas. That is, all economic activities take place in a centrally planned economy, in which the state has the power over and ownership of resources. An individual business, which is not allowed, is considered as "exploitation" (Li, 2017). In other words, socialism institutions are relevant to anti-entrepreneurship activity (Aidis et al., 2008; Puffer & McCarthy, 2001).

A centrally planned economy, which existed in former Soviet Union countries, switched functional and operational mechanisms to a market-based economy. However, the formerly institutional framework under socialism leaves a "bloc culture" legacy, which is not conducive to entrepreneurship (Estrin & Mickiewicz, 2011; Sztompka, 1996; Wyrwich, 2013a). For example, Sztompka (1996) describes the legacy of communism, including conformity, low risk-taking, and security, which are the top priorities of individuals who are exposed to post-socialist economies. Fear of failure is a major obstacle to entry into entrepreneurship among Eastern Europeans (Estrin & Mickiewicz, 2011). Also, conservatism and hierarchy values are more important to Eastern Europeans than autonomy and mastery values (Schwartz & Bardi, 1997). Autonomy and mastery values, which refer to a high level of

internal locus of control, are considered as key factors for entrepreneurship (Beugelsdijk & Noorderhaven, 2005; Mueller & Thomas, 2001).

Furthermore, individuals who lived under communism longer are in favor of government intervention and redistribution (Blanchflower & Freeman, 1997; Corneo, 2001; Corneo & Grüner, 2002). As documented by Alesina and Fuchs-Schündeln (2007), East Germans express a stronger preference for the state provision of goods and services in their life than West Germans because they are used to thinking “it is society’s fault if people are poor, unemployed or in need help” (Alesina & Fuchs-Schündeln, 2007, p.1523). The East-West differences in preferences explain why the propensity for being self-employed in East Germany is at a relatively lower level compared to those in West Germany (Runst, 2013).

In addition, human capital, including knowledge and experience that individuals gained under a command economy, become less useful and old-fashioned in the marketplace because this knowledge consists of indoctrination in anti-entrepreneurship (Fritsch, 2004). Empirical studies find that labor market experience is less positively associated with entrepreneurial activity among East Germans, particularly older individuals (Fritsch et al., 2014; Wyrwich, 2013a). Additionally, weak rule of law, high corruption, and limited financial sources are one of the most dominant barriers to entrepreneurship under the socioeconomic and political reforms in transition economies (Aidis et al., 2008, 2010; Puffer et al., 2010).

However, most existing studies typically have focused on limited geographical regions (e.g., former Soviet Union countries: Russia, Romania, and Lithuania) (Adam-Müller et al., 2015; Aidis et al., 2008; Aidis & Van Praag, 2007), and based on the historical context of East-West Germany (Fritsch et al., 2014; Runst, 2013; Wyrwich, 2013a). Research scholars have been silent about the long-lasting effect of socialist heritage on entrepreneurship in transitioning Asian economies (e.g., China, Vietnam). Moreover, the transitioning process in these countries differs from other reforms in Eastern Europe and former Soviet Union economies (see more detail in the Section 1.1.2 and Chapter 3). In light of this relatively unexplored research field, this dissertation aims to investigate the effect of historical legacy on entrepreneurship focusing on the Vietnam context.

1.1.2. Research context: Historical and institutional conditions and entrepreneurship development in Vietnam

Long before the current era, Vietnam was entirely controlled and governed by the Chinese empire (Dana, 1994; Dell et al., 2018). In 1859, France invaded Vietnam, though its colonization ended in

1954. After the defeat of the French armed forces in 1954, Vietnam was split into two political-socioeconomic systems, which are the Democratic Republic of Vietnam (“North Vietnam”) and the Republic of Vietnam (“South Vietnam”). The formerly socialist regime, as well as the economy with central state planning, in the North, followed the Soviet and Chinese models. The non-socialist institutions in the South were widely supported by the United States and influenced by the prior French ruling system. Economically, North Vietnam organized according to the centrally planned economy, in which all economic and political activities were controlled and overseen by the government. Private trade or individual businesses were prohibited. At the same time, South Vietnam developed a market economy, where people were allowed to open their own businesses. As a result, there was a significant increase in the number of individual businesses (e.g., landholders, shopkeepers, and retailers) in the South (Dana, 1994)

After the socialist North won the devastating Vietnam War (1955-1975), Vietnam was reunified as one state and became the Socialist Republic of Vietnam (SRV) in 1976. The political-socioeconomic system was developed based on the Soviet model of central planning, and absolute control, in the state as well as the economy. With this institutional framework, Vietnamese leaders took control of all resources and focused its attention on the development of heavy industry and agriculture. State-owned enterprises (SOEs) were dominant, and the private sector was almost non-existent (Andreff, 1993; Han & Baumgarte, 2000; Nyland, 1981). Hence, all existing private firms or individual businesses in the South were nationalized or shut down. Statistics reported that around 30,000 individual businesses were closed down in the South in 1978 (Desbarats, 1987). Besides, instead of capitalist ideology, socialist ideals (e.g., Marxist-Leninist Philosophy, scientific Socialism) were applied in education and teaching programs at schools throughout the country (Doan, 2005).

In 1986, Vietnam marked a significant milestone in its economic transition with the introduction of the “Doi moi” (renovation) reform, which aimed at transforming the state-controlled economy into a market economy. Officially, people were allowed to pursue their own businesses and technological innovation and, later, to sell their own output at market prices. However, Vietnam adopted a “wait-and-see” approach in its transition process. This approach mainly focused on supporting the development of SOEs under harsh conditions of the competitive market to increase their efficiency and ensure their survival in such an environment, instead of quickly privatizing SOEs like other transitions in former Soviet Union countries (Tran, 2019; Walder & Nguyen, 2008). The process of equity transition for SOEs was slow and yielded only a small number of equitized companies, reducing from 2,247 in 1992 to 1,786 SOEs in 1999 regarding the industry sector (General Statistics Office of Vietnam (GSO), 2008). Notably, SOEs were still large in scale and decreased from 5,759 in 2000 to 3,281 in 2010 and 2,506 in 2017 (GSO, 2018). In fact, non-SOEs have grown dramatically since the

enactment of the first Enterprise Law in 2000, numbering 538,477 firms in 2017, up from 44,314 in 2001 and 238,932 in 2010 (GSO, 2018).

Concerning political institution arrangements, in common with an attribute of China, the Communist Party (CP) remains the sole leadership of Vietnam. Both countries have, nevertheless, different approaches to economic reforms. Paying attention to attracting multinational companies is strategically important targets of China, whereas stressing on the development of domestic private sectors (e.g., private startups, family firms, cooperatives and collective enterprises) is Vietnam's first priority (Tran, 2019; Walder & Nguyen, 2008). For example, in the period 2004-2005, of the total 93,186 non-SOEs, 19,060 were micro enterprises (less than five employees), 30,340 were very small firms (5-9 employees), 34,039 were small firms (10-49 employees) (GSO, 2005).

Diversity of institutional and historical conditions may be expected to lead to rather divergent entrepreneurship activity between North and South Vietnam. Statistics show that by 2000, the North had about 13,598 companies, while the South had 28,506. In the period 2010-2017, South Vietnam continued to be the leader with regard to the creation of new businesses, with about 169,295 in 2010, and 327,284 in 2017. In comparison, in 2010 and 2017, North Vietnam had nearly 109,941 and 232,972 registered companies, respectively (GSO, 2018). North and Thomas (1973) reveal that history matters for economic growth as well as entrepreneurship (Baumol, 1990). The distinctive history of North Vietnam as compared to the South offers a special case of whether socialist legacy still affects entrepreneurship (e.g., intention, business succession).

In addition, the intensity of differences in socialist treatment in North-South Vietnam (about 21 years = 1954/55-1975) is shorter than that in East-West Germany (about 40 years = 1949-1989/90) (Wyrwich, 2013a). Yet, research gaps still exist. Furthermore, Vietnam's transition process followed a centrally planned system in which a socialist North and non-socialist South was reunified under socialist rule, in contrast to transition in East Germany, where the formerly socialist institutions adopted the framework conditions of the non-socialist West (Wyrwich, 2012). These reverse settings raise basic questions of whether the influence of the socialist legacy on entrepreneurship is specific to its context. Therefore, the main goal of this dissertation is to fill these research gaps by conducting empirical research in emerging economies (e.g., a focus on the Vietnam context).

1.2 Research questions

1.2.1. Socialism and entrepreneurship: A systematic review of the literature (Chapter 2)

In most transition countries in Central and Eastern Europe and in Asia, the state-controlled economy has transformed into a market-based economy since the late 1980s. Despite the political-socioeconomic transformations in transitional economies, the socialist ideology that underpinned it left an indelible imprint on society's norms and values, which affect individual behaviors and actions, including entrepreneurship (Estrin & Mickiewicz, 2011; Fritsch et al., 2014; Wyrwich, 2013a). For example, Aidis et al. (2008) examine how institutional environments (e.g., high corruption and weak rule of law) affect startup activities in Russia and point out that the level of firm entry is lower compared to other transition countries such as Poland. In comparison to West Germans, East Germans have a lower locus of control and are less willing to engage in entrepreneurship. These arguments are more pronounced for older people (Wyrwich, 2013a).

The relationship between socialism and entrepreneurship has attracted research attention (Adam-Müller et al., 2015; Alesina & Fuchs-Schündeln, 2007; Fritsch et al., 2018; Smallbone & Welter, 2001). Existing studies focus on the influence of the socialist legacy on individuals' values and attitudes, which, in turn, affect their entrepreneurship activities lack systematization and categorization. This dissertation systematically maps extant research in the field of socialism and entrepreneurship. While several previous studies have conducted a review of the literature on entrepreneurship in transitional economies, for example, focusing on individual-country searches (Ojala & Isomäki, 2011; Yang & Li, 2008), a review at the firm and the country level (Manev & Manolova, 2010), a literature review at the individual level has been somewhat neglected. Therefore, this dissertation addresses this research gap by providing a systematic literature review of three sub-streams related to socialism and entrepreneurship at the individual level: values and attitudes, attitudes toward entrepreneurship, and entrepreneurship activity. In addition, to the best of our knowledge, no systematic review research exists that investigates the effect of socialism on entrepreneurship with a bibliometric approach. In this regard, this thesis aims at answering the following research questions:

RQ 1.1: How have studies on the effect of socialism on individuals' values and attitudes, individuals' views on entrepreneurship, and entrepreneurship activity evolved?

RQ 1.2: Which journals publish the highest number of articles in the influence of the socialist heritage on individuals' values and attitudes, individuals' entrepreneurial attitudes, and entrepreneurship activity?

RQ 1.3: Who are the most productive authors on investigating the effect of socialism on individuals' values and attitudes, individuals' attitudes toward entrepreneurship, and entrepreneurship activity?

RQ 1.4: What are the findings on the effect of the socialist legacy on individuals' values and attitudes, individuals' attitudes toward entrepreneurship, and entrepreneurial activity of individuals?

1.2.2. Socialist heritage and entrepreneurship: the case of Vietnam (Chapter 3-5)

History matters for entrepreneurship (Baumol, 1990; North, 1990; North & Thomas, 1973). Scholars have shown a great interest in investigating the effect of the socialist legacy on entrepreneurship (Aidis et al., 2008; Fritsch et al., 2014; Fritsch et al., 2018; Wyrwich, 2013a; Wyrwich et al., 2016). That helps to understand the long-lasting effect of socialist heritage as well as the persistence of entrepreneurial culture. However, a majority of studies on this research field have focused on European economies, particularly East-West Germany (Fritsch, 2004; Lechner & Pfeiffer, 1993; Smallbone & Welter, 2012). In Germany, the socialist East and non-socialist West were reunified under the non-socialist system after the fall of the Berlin Wall around 1989/90 (Wyrwich, 2013a), whereas Vietnam was characterized by socialist rule, in which the non-socialist South adopted the framework conditions of the socialist North after the reunification in 1976.

Moreover, North-South Vietnam differences in socialist treatment intensity (about 21 years) are shorter than East-West Germany differences in this treatment (about 40 years) (Fritsch et al., 2014; Wyrwich, 2013a). Institutional and historical conditions in the North and South of Vietnam (see Section 1.1.2 above) raise questions regarding the effect of socialist heritage on entrepreneurship in two regions. Study on the effect of socialist legacy on entrepreneurship activity may be very important for policymakers when setting up and introducing startup programs (Nguyen & Mort, 2016; Nguyen et al., 2015). Furthermore, so far, this topic has not been explored in Vietnam. Hence, this dissertation investigates the following research question:

RQ 2: Do North Vietnamese people differ from South Vietnamese individuals with regard to entrepreneurship (e.g., workshops/courses participation, intentions, business succession)?

1.2.3. How succession intentions differ from founding and employee intentions? (Chapter 6)

There is a variety of influential factors for an individual career choice intentions, such as personal traits, education, culture, and socioeconomic conditions (Birley & Westhead, 1994; Carter et al., 2003). The reasons for career choices in career path intentions have attracted research attention. For

example, entrepreneurship scholars have investigated the reasons and motivations for pursuing a career choice path of entrepreneurs (Scheinberg & MacMillan, 1988; Shane et al., 1991), between (nascent) entrepreneurs and non-entrepreneurs (Carter et al., 2003; Kolvereid, 1996b), and males and females (Carter et al., 2003). Despite that, few studies have examined the reasons for career choices among employees, founding, and succession intentions, with the exception of the study of Zellweger et al. (2011), which focused on within-family succession only. The fact is that not all individuals with family businesses are willing to become successors. They can opt for being an employee of another organization or opening a new venture instead of continuing a family tradition (Schröder et al., 2011; Zellweger et al., 2011). In this case, business owners must seek outside successors when they are approaching retirement or cannot identify a suitable family successor (Scholes et al., 2009). We know little about career choice motivation for individual succession intentions. Which reason is the most important for an individual career choice decisions (e.g., succession, founding, and employee)? Furthermore, based on the theory of planned behavior (TPB) (Ajzen, 1991) and its wide application to entrepreneurship research, intentions are predicted by three key predictors, namely attitude toward entrepreneurship, subjective norms, and perceived behavioral control. Research on how successor, founder, and employee intentions differ in the effect of the TPB model is still rare. Therefore, this dissertation aims to examine the following research questions:

RQ 3.1: Which motivation is the most important for succession, founding, and employee intentions?

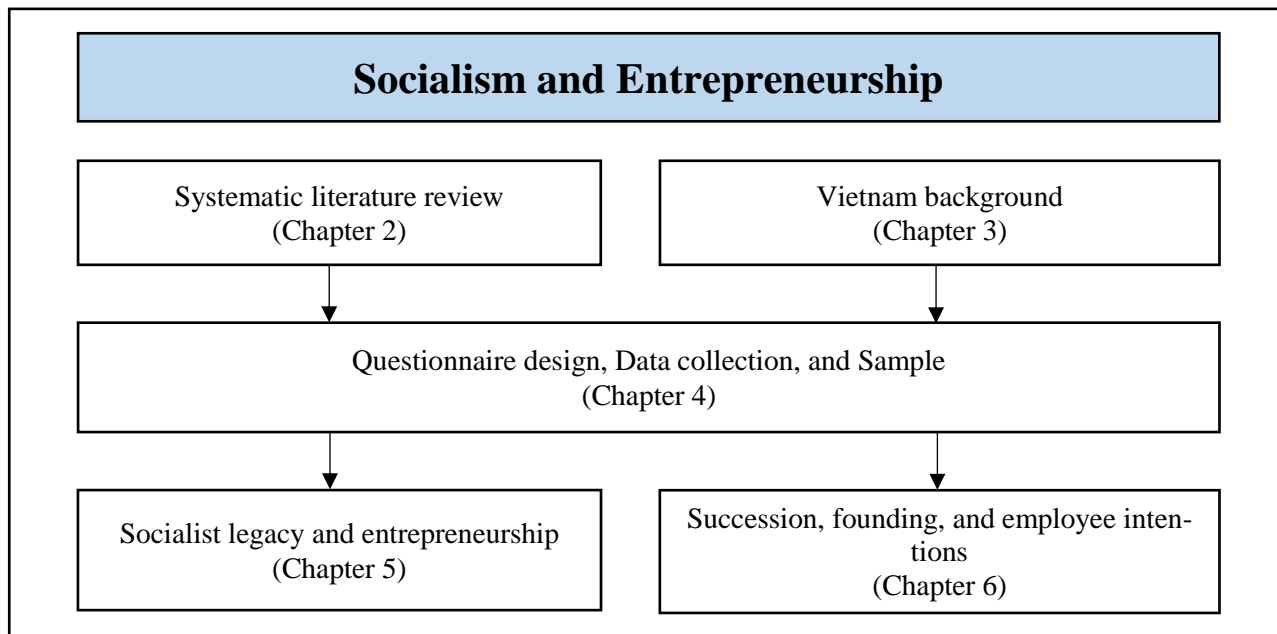
RQ 3.2: How do succession intentions differ from founder and employee intentions regarding career choice motivations and reasons, and the effect of three main TPB elements?

1.3 Structure of the dissertation

This dissertation comprises seven chapters. Chapter 2 offers a mapping and an in-depth review of three sub-streams that are relevant to the effect of socialist heritage on individuals' values and attitudes, individuals' entrepreneurial attitudes, and entrepreneurship activity of individuals. Chapter 3 provides detailed insights into the Vietnamese historical and institutional conditions (e.g., the war period before 1954, two political-socioeconomic systems in the period 1955-1976, the opening of market economy in 1986, and entrepreneurship development). Chapter 4 describes the questionnaire design, method of data collection, and a sample of the dataset. While Chapter 5 analyzes the effect of socialist legacy on entrepreneurship, Chapter 6 focuses on how succession intention differs from founding, and employee intentions with regard to career choice reasons, and the effect of three main

TPB components. Chapter 7 concludes with a summary of findings, discusses practical and theoretical implications, and suggests directions for further research. Figure 1.1 illustrates the main chapters of this dissertation.

Figure 1.1: Structure of the dissertation.



Source: Own illustration.

Chapter 2 summarizes systematically previously published articles in the field of socialism and entrepreneurship at the individual level that has been neglected in prior studies. To the best of our knowledge, no study carries out a clear picture of this research field by performing a bibliometric analysis. Thus, Chapter 2 maps a review of three sub-streams in the effect of socialism on individuals' values and attitudes, individuals' attitudes toward entrepreneurship, and entrepreneurship activity with a bibliometric approach, such as publications by time period, main journals, regions, main topics, important articles, and productive authors. Additionally, Chapter 2 also structures an in-depth review of the influence of socialism on entrepreneurship at the individual level regarding these three main research streams. This chapter further identifies research gaps and suggests avenues for further research.

Chapter 3 presents background information of Vietnam from the war period to transformation, and economic situation today as well. In particular, this chapter provides detailed insights into the Vietnamese setting including the history of political-socioeconomic conditions, a brief overview of North-South characteristics in the period of separation of more than 20 years, important stages of the transition process (e.g., the initial phase of transformation under a centrally planned economy after the reunification in 1975, the opening of market economy in 1986), and the remarkable development

of entrepreneurship. This chapter further identifies research gaps and serves as a basis for Chapter 4, which is the methodological chapter.

Chapter 4 focuses on designing a questionnaire, building a method of data collection, presenting a sample of a dataset, which is used in the next chapters (Chapter 5 and 6) of the dissertation. This chapter describes how to build up and develop a questionnaire to gain the relevant characteristics and information of the target population of the dissertation. Moreover, this chapter discusses the methodological approach to collect primary data from respondents. Also, this chapter presents how to conduct a survey and randomly distribute the translated questionnaire to the target population at universities and institutions by paper-based approach. In addition, Chapter 4 describes a sample, which is then used for the quantitative analyses in the remaining chapters of the dissertation.

Chapter 5 analyzes the effect of socialist legacy on entrepreneurship outcomes in the Vietnam context. History matters for entrepreneurship (Baumol, 1990; North & Thomas, 1973). This phenomenon has received considerable interests from research scholar (Aidis et al., 2008; Smallbone & Welter, 2001) because it can be important for policymakers as well as investors to understand the long-lasting effect of socialism and persistence of entrepreneurial culture (Fritsch et al., 2018; Wyrwich, 2013a). Vietnam provides a unique quasi-experimental setting since differences in institutional and historical framework conditions between the North and the South for more than 20 years. That is, North Vietnamese people have experienced socialism in their lives for about 20 years longer than those from the South of Vietnam. These historical and institutional arrangements appear to argue that whether or not there are North-South differences in entrepreneurship outcomes, such as workshop/course participation, entrepreneurial intentions, and business successions. To deal with this unexplored phenomenon, this chapter mainly investigates and compares entrepreneurship outcomes in terms of taking part in entrepreneurship courses/workshops, intending to start a new venture creation, and taking over an existing business between individuals from North and South Vietnam.

Chapter 6 investigates how succession, founding, and employee intentions differ in career choice reasons, and the influence of three main TPB elements. Although Zellweger et al. (2011) analyze how intentional successors differ from intentional founders, and employees regarding internal locus of control, entrepreneurial self-efficacy, independence, and innovation motivations, Zellweger et al. focused on within-family succession only. Despite that, research on how succession, founding, and employee intentions differ in the determinant factors, for example, career choice motivations, and three main TPB elements, is still scarce. This chapter, therefore, aims to analyze and compare career choice reasons, and the impact of three main TPB components among three career choice intentions, namely succession, founding, and employee. Regarding career choice reasons, we adopted and developed 17 career reasons based on previous studies (Carter et al., 2003; Sieger et al., 2016).

We then identified and validated seven motivations using factor analysis: innovation, self-realization, financial success, social mission, roles, independence, and recognition. We use these seven career choice reasons to compare the motivations of three career intentions. With respect to three main components of the TPB (attitude, subjective norms, and perceived behavioral control), we adapted scales of [Liñán and Chen \(2009\)](#).

Chapter 7 concludes with a summary and discussion of the main findings of this dissertation. In addition, this thesis offers several relevant theoretical and practical implications. Finally, this dissertation closes with limitations and suggestions for further research.

2. Socialism and entrepreneurship: A literature review

Despite a great interest in socialism and entrepreneurship search, several prior studies have mainly conducted a review of the literature on socialism and entrepreneurship in transitional economies at the firm level and the country level. This chapter reviews and summarizes previously published articles in the field of socialism and entrepreneurship at the individual level. The main focus of this review is to offer a better understanding of socialism and entrepreneurship with a bibliometric analysis and a systematic review according to three sub-streams: socialism and individuals' values and attitudes, socialism and individuals' opinion on entrepreneurs, and socialism and entrepreneurship activity of individuals. Alongside addressing research gaps of existing studies and suggestions on avenues for further researches are then discussed.

2.1 Concepts of socialism

The ideologies of socialism and communism grew out of the Marxist-Leninist philosophy (Li, 2017). “The ideal destination under socialism is communism” (Yang, 2012, p.170). Although they are not identical, socialism and communism have been used synonymously in academic studies (Estrin & Mickiewicz, 2011). Their typical characteristic is the overwhelming role of the state in both the economic and political arenas. That is, all economic activities take place in a *centrally planned economy*, in which the state has the power over and ownership of resources. The government has the responsibility for providing jobs, public services, and utilities for the population. Economic freedom in the market is prohibited. An individual’s creation of a new idea in a business activity or technological innovation is not allowed because SOEs make up the dominant sector and the flagship of the economy. No individuals are allowed to own private property or assets, as such ownership is considered as “exploitation.” People making a profit who are self-employed are often deemed to be criminals. The state controls the input side of the economic equation and decides on what, how, where, and when to produce output (Li, 2017). Property rights and freedom in every aspect of individual lives are taken over and decided by the state. Political power is relevant to economic authority. Individuals who hold political power have control over people without power, build up their own business, and participate in the marketplace. “Political inequality could become extreme, unfair, hidden, and life-long as individuals would not be provided with alternatives” (Li, 2017, p.60).

The formerly communist countries in Central and Eastern Europe (transitional economies in Europe and the former Soviet Union) and transitional economies in Asia¹ had centrally planned economies. Since the late 1980s, their systems of central planning have transformed following two different models for a transitional economy. The first model is the Chinese model, with a “socialist market economy,” and the second, found in most Eastern European countries, is a “capitalist market economy” (Manev & Manolova, 2010; Nolan, 1995).

In the Chinese model, the Chinese Communist Party still takes sole leadership of the country and retains control of both political and economic affairs (Ge et al., 2017). The political system in China is considered weak institutionally and unfavorable for the development of entrepreneurship (Eunni & Manolova, 2012; Zhou, 2013). “While gradualism in liberalizing the market and privatizing

¹ In 2000, the International Monetary Fund (IMF) classified the transitional economies as follows: Transitional economies in Europe and the former Soviet Union (Central and Eastern Europe: Albania, Bulgaria, Croatia, Czech Republic, FYR Macedonia, Hungary, Poland, Romania, Slovakia, Slovenia; Baltics: Estonia, Latvia, Lithuania; Commonwealth of the Independent States: Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine, Uzbekistan) and transitional economies in Asia: Cambodia, China, Laos, Vietnam. In addition, in 2002, the World Bank defined Bosnia and Herzegovina, and Federal Republic of Yugoslavia (nowadays Serbia, Montenegro, and, at least de facto, Kosovo) as transitional economies (EBRD, 1998; World Bank, 2002).

state assets may have been instrumental for China's successful transition to a market system, the delay in granting full rights to private entrepreneurs purely reflects ideological rigidity and institutional inertia against changes" (Peng, 2004, p. 1054). However, economic reforms have been extremely successful, with an annual growth rate of about 10% from 1991 until 2011 (Manev & Manolova, 2010), and, in the past few decades, it has had the world's highest rate of entrepreneurship activity (Eunni & Manolova, 2012). Since 1986, more than ten years after its reunification in 1975, Vietnam has taken a similar direction, replacing its state-controlled economy with a socialist-oriented market economy. As in China as well, the sole leadership of Vietnam is by the Communist Party. Nonetheless, economic development in Vietnam is proceeding well, with average growth in the annual gross domestic product (GDP) of 7.3% from 1990 to 2010 (Badiani et al., 2013).

In contrast to the Chinese model, in most Eastern European countries that had a formerly socialist system following the Soviet framework, a "capitalist market economy" model has been adopted since the late 1980s, after the collapse of the Soviet Union. In addition, these countries adopted democracy in their political system (Manev & Manolova, 2010). Government intervention in the marketplace is minimized, and all individuals have the right and the freedom to open their own business. In these transition economies, these successful political-socioeconomic reforms enabled a massive explosion of entrepreneurship (Peng, 2001). For example, in 1990, after the opening of the market economy in East Germany, the number of people who are self-employed increased dramatically and matched the West German level in 2004 (Fritsch et al., 2014). In Poland, during the initial transition period, the number of Polish private firms more than doubled, from 494,211 enterprises in 1990-1991 to 1,980,705 in 1992-1993 (Aidis, 2005).

In these formerly socialist countries, the economy shifted from one based on central-planning to one with a free-market supported by economic freedom and encouragement of private business development, however, the socialist ideology has persisted. This ideology has endured in individuals' norms, cultural values, and institutional heritage. For example, individuals who lived under communism longer are more in favor of government intervention and redistribution (Alesina & Fuchs-Schündeln, 2007; Blanchflower & Freeman, 1997), and have more fear of failure than of taking risk (Schwartz & Bardi, 1997; Sztompka, 1996). Socialist heritage produces an old-fashioned generation with regard to entrepreneurial tendencies among East Germans, who have lower locus of control in comparison with West Germans (Fritsch et al., 2014; Wyrwich, 2013a). Moreover, among individuals in transition economies, limited access to financial capital is a major obstacle to entry into business activities (Pissarides, 1999; Pissarides et al., 2003). Cumbersome laws and heavy regulation

hinder business development (Aidis et al., 2012). For instance, Russia has the lowest level of entrepreneurship activity among the transitional economies in 2001 and 2002 Global Entrepreneurship Monitor (GEM) projects due to its socialist legacy of institutional weaknesses (Aidis et al., 2008).

2.2 Concepts of entrepreneurship in transition economies

Entrepreneurship is a multi-dimensional concept that can be understood in terms of three different dimensions: individual, firm, and context (Smallbone & Welter, 2006). The first is the individual dimension. Entrepreneurship is viewed as an entrepreneur, a founder, or an innovator who creates a new firm and then might organize and operate on his/her own or in teams (Hébert & Link, 1989). The second dimension is the firm, which is as an output from a (potential) entrepreneur's skills, knowledge, capabilities, and aspirations (Smallbone & Welter, 2006). The third dimension of entrepreneurship is the context, because not only does the institutional setting affect entrepreneurship, but entrepreneurship also affects that setting (Smallbone & Welter, 2006; Welter, 2011).

In most transition countries after the collapse of the Eastern bloc around 1989, as mentioned above, although the state-controlled economy was transformed into a market-based economy, the former socialist ideology that underpinned it left an indelible imprint on society's norms and values, which affect individual behaviors and actions, including entrepreneurship (Estrin & Mickiewicz, 2011; Sztompka, 1996). Therefore, the characteristics of entrepreneurship in transition economies differ from those in Western economies because of the legacy of formerly communist institutions. The transformational processes that occurred in transitional economies created idiosyncratic differences in the characteristics as well as features of entrepreneurship in those contexts (Estrin et al., 2006).

The characteristics of entrepreneurs in transition environments include the influence of institutional arrangements, for example, the lack of financial support, frequent changes in laws and regulations, and outdated industry knowledge and experience from working at SOEs. For example, in the initial stage of transition, (potential) entrepreneurs face many challenges in starting a new business venture because of the underdevelopment of financial institutions (Aidis, 2005). When extending loans, the state banking system still gives SOEs preference over individual startups (Webster & Taussig, 1999). Hence, entrepreneurs in these conditions tend to self-finance and depend on family assistance. This unfair treatment by the government also makes the business environment less competitive and less varied (Webster & Taussig, 1999).

To improve business conditions and encourage private sector development, countries have launched many laws and regulations, as well as tax policies. Nevertheless, these rules and laws are

too complicated to facilitate business development (Ageev et al., 1995). Administrative procedures are complex and time-consuming so they discourage individuals from starting a new firm. Smallbone and Welter (2001) indicate that cumbersome rules regulating the implementation of tax policies in private business activities lead to an increase in corruption. In such a context, (potential) entrepreneurs may pursue connections with politicians or officials to obtain benefits for entrepreneurship investment in term of easier access to bank loans and the protection of property rights (Ge et al., 2017; Li et al., 2006; Zhou, 2013). Moreover, frequent changes in rules and regulations result in a lower level of entrepreneurship activities in transition contexts.

At the same time, significant economic reforms in transitional economies lead to excessive and persistent unemployment (Manev & Manolova, 2010). This phenomenon has occurred because the majority of SOEs were transformed into joint-stock companies or replaced by private firms. As a result, those who are unemployed and worked for prior SOEs are more likely to be forced into entrepreneurship because of the lack of alternative career choices. Although a variety of programs for promoting entrepreneurship since the transformations in the late 1980s, individuals are less likely to step into startup activities because of the legacy of socialist ideology (e.g., complex business registration, and no previous market information) (Aidis et al., 2008; Alesina & Fuchs-Schündeln, 2007; Wyrwich, 2013a). That is why the number of “necessity-entrepreneurs” exceeds that of “opportunity-entrepreneurs” in the transition economies (Manev & Manolova, 2010; Smallbone & Welter, 2006).

In addition, startup experience and skills, such as managing and running a new venture creation, were absent in transition economies because opening a new firm was previously illegal. Furthermore, industry-specific experience under socialism that individuals gained from working for SOEs is inferior by Western standards. In other words, knowledge about products and manufacturing processes in command economies become outmoded in a market-based one (Fritsch, 2004). Management skills and leadership experience in the former communist regime cannot be suitable to manage a new venture startup in the market environment. Brainerd (1998) argues that (potential) entrepreneurs in such institutional settings are characterized by skills, such as “negotiating government subsidies,” “procurement,” and “outdated experience.”

2.3 The core of the literature review

The socialist heritage consists of formal institutions (e.g., rules and regulations, and legal frameworks) and informal institutional arrangements (e.g., norms and values, conventions, and codes of conduct). That has a profound impact on individuals’ values and attitudes, behaviors, and actions, which persist in informal institutions (Adam-Müller et al., 2015; Ockenfels & Weimann, 1999; Sztompka, 1996; Wyrwich, 2013a). High corruption and weak systems of property rights account for the

low rate of self-employment in transition countries (Aidis et al., 2008). Individuals who are exposed more time to socialism prefer government intervention to self-direction, security to risk-taking. That leads them to engage less in startup activities (Bauernschuster et al., 2010; Runst, 2013).

Existing studies focusing on the influence of the socialist legacy on individuals' values and attitudes, which, in turn, affect their entrepreneurship activities lack systematization and categorization. Despite the fact that some prior studies have conducted a review of the literature on entrepreneurship in transitional economies, these studies investigated individual-country searches, at the firm level, and the country level. For example, Yang and Li (2008) only review the development of entrepreneurship in the Chinese transition, but the transitional process in China differs from that in other countries (Bruton & Ahlstrom, 2003; Ge et al., 2017). Ojala and Isomäki (2011) focus on entrepreneurship and small business in Russia. Manev and Manolova (2010) provide a literature review on entrepreneurship in transition economies, only at the firm and country level. Yet, to date, few literature reviews have been done on entrepreneurship at the individual level in transition economies. Therefore, we systematically map the extant research focusing on entrepreneurship at the individual level in transition economies, not only individual-country studies but also multi-country research. That would help to identify main themes in the literature, existing gaps, and as well as new streams of further investigations. Furthermore, another main goal of this review is to offer a better understanding of socialism and entrepreneurship with a bibliometric analysis: How have studies on socialism and entrepreneurship evolved? Which journals publish the highest number of articles in this research field, and who are the most productive authors?

The formerly socialist framework plays an important role in shaping individuals' values and attitudes, which are core predictors of their intentions and actions, including entrepreneurship. Consequently, the aim of this literature review is to offer a clearer picture of sub-streams in socialism and entrepreneurship research. More specifically, this review focuses on findings about the effect of the socialist legacy on individuals' values and attitudes, individuals' attitudes toward entrepreneurship, and entrepreneurial activity of individuals.

2.3.1 Methodology and selection criteria

To select prior published studies on the influence of the socialist legacy on individuals' values and attitudes, individuals' attitudes toward entrepreneurship, and entrepreneurship activity of individuals, the methodology and the steps of this review process are based on Rae and Wang (2015)'s reference as follows:

Step 1: Search boundaries

To search academic articles for our literature review, we selected highly-used electronic databases, such as Science Direct, EBSCOhost, Springer Link, JSTOR, and Emerald (Block et al., 2019; Liñán & Fayolle, 2015)

Step 2: Search terms (keywords)

Regarding “socialism” term, (Li, 2017) states that socialism grew out of the Marxist-Leninist ideology. “The ideal destination under socialism is communism” (Yang, 2012, p. 170). Socialism and communism have been used as synonyms in academic researches (Estrin & Mickiewicz, 2011). Moreover, most studies indicate that the transitional process has left a vicious legacy of “civilizational incompetence” due to the impact of “bloc culture,” slowly eradicating the vestiges of communism (Fritsch et al., 2014; Sztompka, 1996; Wyrwich, 2013a). EBRD (1998) defines transitional economies that have experienced a transitioning process from a state-controlled economy to a market-based one. Hence, a set of other keywords for “socialism” search was “transition economy,” “the (former) Soviet Union,” “the (former) Eastern Bloc,” “the (former) Central and Eastern Europe,” “post-communist,” “centrally planning economy,” “state-planned economy,” “centrally planned economy,” “Marx,” “Lenin,” “communist,” “communism,” and “socialist.”

In regard to “value” and “attitude” terms, according to Kluckhohn (1951), “a value is a conception, explicit or implicit, distinctive of an individual or characteristic of a group, of the desirable which influence the selection from available mode, means, and ends of action” (p.395). Attitude is treated as synonyms as opinion or view or perception as well (Adam-Müller et al., 2015). Thus, beyond the keywords “value” and “attitude,” such key terms “prefer*,” “opinion,” “view,” and “perception” were identified in this searching process.

Entrepreneurship search, we used the keywords, such as “entrepreneurship,” “entrepreneur,” “entrepreneurial,” “new-venture,” “self-employment,” “self-employed,” and “startup.”

Step 3: Cover period

We focused on searching published articles in 1990-2020² because the transforming process in transition economies have begun since the collapse of the former Soviet Union around 1989.

² As of 28 January 2020

Step 4: Applying exclusion criteria

Only journal articles were considered due to their academic and validated knowledge (Podsakoff et al., 2005). We included scientific articles containing the keyword-based search mentioned above in the title, abstract, or keywords. Only articles in English were selected. Books, book chapters, reports, and conference papers were excluded because of the variability in the peer review process and their more restricted availability (Jones et al., 2011).

Furthermore, the key criteria for relevant articles were that these articles need to have a substantial focus on the effect of socialism on individuals' values and attitudes, which, in turn, affect their entrepreneurial attitudes, intentions, behaviors, and actions. Therefore, we excluded individual country or multi-country studies incorporating data from transition economies if articles contained no substantial comparative analysis or discussion of the effect of socialism. For example, research on entrepreneurship aspirations across individual and institutional contexts from 42 countries (GEM data) (e.g., Estrin et al., 2013) was excluded from our review, but studies on entrepreneurship development across individual and institutional contexts, a comparison from 30 countries (GEM data) (e.g., Aidis et al., 2008) were included.

Step 5: Data coding

To ensure the accuracy of our classification system, we classified the academic articles by author, content, method/source (data source), country of origin source, characteristics of socialism analyzed, and findings. Furthermore, we grouped the articles into two sub-categories according to characteristics of socialism analyzed (e.g., formal and informal institutions). Afterward, we classified formal institution into some sub-topics (e.g., corruption, educational system), informal institution into some sub-topics (e.g., social conduct: wage structure and labor market change, codes of behavior, social norms and values: human capital and social capital, government intervention and free enterprise). We also cross-checked our articles database in several other published reviews (Liñán & Fayolle, 2015; Manev & Manolova, 2010; Minola et al., 2014; Ojala & Isomäki, 2011). This review process yielded a total of 84 academic articles related to socialism and individuals' values and attitudes, 4 relevant articles focused on the effect of socialism on individuals' attitudes toward entrepreneurship, and 56 scientific papers analyzed the effect of socialism on entrepreneurship activity of individuals (see Appendix: Table A2.1).

2.3.2 Mapping the field socialism and entrepreneurship

As discussed in Section 2.3, this review focuses on the effect of socialism on individuals' values and attitudes, the effect of socialism on individuals' attitudes toward entrepreneurship, and the effect of

socialism on individual entrepreneurial activity. This section, therefore, presents an overview map of socialism and entrepreneurship according to three sub-streams: socialism and individuals' values and attitudes, socialism and individuals' opinion on entrepreneurs, and socialism and individual entrepreneurship activity.

Publications by time period

Table 2.1 shows the number of published articles on socialism and entrepreneurship over a 30-year period (1990-2020). During the 1990-1999 period, research on socialism and entrepreneurship with regard to socialism and individuals' values and attitudes had a low number, yielding 23 articles. There was a slight increase in this field study to 25 articles in the 2000-2009 period. From 2010 to 2020, the number of academic studies has increased considerably, resulting in 36 articles over this period.

Concerning studies on socialism and individuals' attitudes toward entrepreneurship, researchers have been silent about this field. There were only 4 articles, 2 studies during the period (2000-2009), and 2 ones over the 2010-2020 period, and no articles before 2000.

Research related to socialism and individual entrepreneurship activity, only 6 academic papers investigated on this topic in the 1990-1999 period. However, the number of articles has risen dramatically over two decades (2000-2020), from 22 in 2000-2009 to 28 in the 2010-2020 time.

Publications by main journals

The 84 articles on socialism and individuals' values and attitudes published in 55 journals (see Appendix: Table A2.1). Only 8 journals published at least 3 published articles, namely, *Journal of Comparative Economics* (7 each), *Communist and Post-Communist Studies* (6), *Journal of Public Economics* (4), *American Political Science Review* (4), *European Journal of Political Economy* (3), *Industrial and Labor Relations Review* (3), *International Journal of Sociology* (3), and *Political Psychology* with 3 articles (see Table 2.1).

Regarding socialism and individuals' opinion on entrepreneurship, there has been a very small number of articles. Only 4 studies were published in 4 journals: *Advances in Comparative International Management*, *Business Administration Review*, *International Journal of Human Resources Development and Management*, and *Journal of Business Venturing* (see Appendix: Table A2.1).

Research on socialism and entrepreneurship activity of individuals, we identified 56 articles that appeared in 31 journals (see Appendix: Table A2.1). Among these 31 journals in our dataset, only 5 of those published at least 3 articles. The leading journal was *Journal of Business Venturing* with 8 articles, followed by *Small Business Economics and Entrepreneurship Theory and Practice*

with the same number – 6 ones. International Journal of Entrepreneurship and Small Business, and Journal of Small Business and Enterprise Development published 3 studies focusing on this research field (see Table 2.1).

Table 2.1: Journal publishing articles on socialism and entrepreneurship.

| Journal | Number of articles | 1990-1999 | 2000-2009 | 2010-2020 |
|--|--------------------|-----------|-----------|-----------|
| <i>Socialism and individuals' values and attitudes</i> | | | | |
| Journal of Comparative Economics | 7 | | 5 | 2 |
| Communist and Post-Communist Studies | 6 | 2 | 2 | 2 |
| American Political Science Review | 4 | 3 | 1 | |
| Journal of Public Economics | 4 | 1 | 2 | 1 |
| European Journal of Political Economy | 3 | | | 3 |
| Industrial and Labor Relations (ILR) Review | 3 | 3 | | |
| International Journal of Sociology | 3 | 2 | 1 | |
| Political Psychology | 3 | 3 | | |
| Academy of Management Journal | 2 | 2 | | |
| American Economic Review | 2 | 1 | 1 | |
| Economic Systems | 2 | | 1 | 1 |
| Europe-Asia Studies | 2 | 1 | | 1 |
| Journal of Political Economy | 2 | | | 2 |
| <i>Socialism and entrepreneurship activity</i> | | | | |
| Journal of Business Venturing | 8 | 3 | 3 | 2 |
| Entrepreneurship Theory and Practice | 6 | 1 | 2 | 3 |
| Small Business Economics | 6 | 2 | 1 | 3 |
| International Journal of Entrepreneurship and Small Business | 3 | | 2 | 1 |
| Journal of Small Business and Enterprise Development | 3 | | | 3 |
| Europe-Asia Studies | 2 | | 2 | |
| International Journal of Sociology | 2 | | 2 | |
| Organization Science | 2 | | 2 | |
| Strategic Change | 2 | | | 2 |

Note: We included only journals with at least 2 relevant articles.

Publications by regions

In terms of geographic regions, a total of 83 articles on socialism and individuals' values and attitudes, of which 58 studies came from European countries with 70%, 6% of the articles in our database received attention from East Asia and Pacific, and 24% (20 articles) from more than one region. A majority of research attention was multi-country studies, accounting for more than 50% with 45 articles, whilst around 38 papers focused on individual-country studies. Among 38 single-country studies, half of the published articles came from Germany, which researchers have been interested in comparing characteristics, values and attitudes between East and West Germans after the fall of Berlin

Wall around 1989 (19 papers), followed by Russia and Poland with 6 studies and 3 articles, respectively. China also contributed 3 papers to this research field, and there were 2 articles in Vietnam (see Table 2.2).

Studies on socialism and individuals' attitudes toward entrepreneurship, there were 4 articles in total, European countries received the least attention, only 1 paper, whilst 3 articles came from more than one region. All 4 studies were multi-countries studies (see Table 2.2).

In regard to socialism and entrepreneurship activity of individuals, European countries accounted for more than half of the contributions, approximately 64% with 34 in a total of 53 articles, 21% (11 papers) and 15% (8 studies) from more than one region and East Asia and Pacific, respectively. In this study field, a significant number of the published articles were single-country studies (34 articles). Germany has had the highest contribution with 12 relevant articles, the second rank of the publications has been Russia with 4 papers, followed by Lithuania and Romania contributing 2 studies to this search field (see Table 2.2).

Table 2.2: Geographic origin of contributions.

| Region | Number of articles | Percent (%) | Studies analyzed | | Country | Number of articles |
|--|-----------------------|-------------|-----------------------|----------------------------|----------------|--------------------|
| | | | Multi-country studies | Individual-country studies | | |
| <i>Socialism and individuals' values and attitudes</i> | | | | | | |
| Africa | 0 | 0 | 0 | 0 | - | 0 |
| Central and Western Asia | 0 | 0 | 0 | 0 | - | 0 |
| East Asia and Pacific | 5 | 6 | 0 | 5 | China | 3 |
| | | | | | Vietnam | 2 |
| Middle East | 0 | 0 | 0 | 0 | - | 0 |
| South Asia | 0 | 0 | 0 | 0 | - | 0 |
| European countries | 58 | 70 | 25 | 33 | Czech Republic | 1 |
| | | | | | Germany | 19 |
| | | | | | Hungary | 1 |
| | | | | | Poland | 3 |
| | | | | | Romania | 2 |
| | | | | | Russia | 6 |
| | | | | | Slovenia | 1 |
| North America | 0 | 0 | 0 | 0 | - | 0 |
| Latin America | 0 | 0 | 0 | 0 | - | 0 |
| More than one region | 20 | 24 | 20 | 0 | - | 0 |
| Total | 83¹ | 100 | 45 | 38 | - | 38 |

Table 2.2: Geographic origin of contributions (continued).

| Region | Number of articles | Percent (%) | Studies analyzed | | Country | Number of articles |
|---|-----------------------|-------------|-----------------------|----------------------------|------------|--------------------|
| | | | Multi-country studies | Individual-country studies | | |
| <i>Socialism and individuals' attitudes toward entrepreneurship</i> | | | | | | |
| Africa | 0 | 0 | 0 | 0 | - | 0 |
| Central and Western Asia | 0 | 0 | 0 | 0 | - | 0 |
| East Asia and Pacific | 0 | 0 | 0 | 0 | - | 0 |
| Middle East | 0 | 0 | 0 | 0 | - | 0 |
| South Asia | 0 | 0 | 0 | 0 | - | 0 |
| European countries | 1 | 25 | 1 | 0 | - | 0 |
| North America | 0 | 0 | 0 | 0 | - | 0 |
| Latin America | 0 | 0 | 0 | 0 | - | 0 |
| More than one region | 3 | 75 | 3 | 0 | - | 0 |
| Total | 4 | 100 | 4 | 0 | - | 0 |
| <i>Socialism and entrepreneurship activity</i> | | | | | | |
| Africa | 0 | 0 | 0 | 0 | - | 0 |
| Central and Western Asia | 0 | 0 | 0 | 0 | - | 0 |
| East Asia and Pacific | 8 | 15 | 0 | 8 | China | 0 |
| Middle East | 0 | 0 | 0 | 0 | - | 0 |
| South Asia | 0 | 0 | 0 | 0 | - | 0 |
| European countries | 34 | 64 | 8 | 26 | Bulgaria | 1 |
| | | | | | Germany | 12 |
| | | | | | Hungary | 1 |
| | | | | | Kosovo | 1 |
| | | | | | Lithuania | 2 |
| | | | | | Montenegro | 1 |
| | | | | | Poland | 1 |
| | | | | | Romania | 2 |
| | | | | | Russia | 4 |
| | | | | | Ukraine | 1 |
| North America | 0 | 0 | 0 | 0 | - | 0 |
| Latin America | 0 | 0 | 0 | 0 | - | 0 |
| More than one region | 11 | 21 | 11 | 0 | - | 0 |
| Total | 53² | 100 | 19 | 34 | - | 34 |

Notes: ¹One literature review paper no region mentioned. ²Three conceptual model papers no region mentioned.

Publications by main topics

Studies on socialism and individuals' values and attitudes, we categorized the published articles in our sample into two different themes: formal institution effects (e.g., corruption, and educational system), and informal institution effects (e.g., social conduct: wage structure and labor market change,

codes of behavior, social norms and values: human capital and social capital, and government intervention and free enterprise). The most interesting topic was social norms and values: government intervention and free enterprise (45 studies), the second dominant topic was human and social capital (18 studies), followed by conduct of society: wage structure and labor market change (13 studies). Moreover, a majority of articles in our database relied on secondary data and quantitative methods (63 out of 84 studies, or 75%), 17 papers based on quantitative and survey data, while only 3 articles used qualitative/interview methods (see Table 2.3).

Table 2.3 presents that all four studies on socialism and individuals' attitudes toward entrepreneurship were informal institution effects (social norms and values: human capital and social capital). In those, 2 papers relied on quantitative and survey methods, 1 article based on qualitative/interview, and 1 one employed quantitative and secondary data.

Studies on socialism and entrepreneurship activity of individuals, informal institution effects (social norms and values: social capital and human capital) were the predominant theme with nearly a half of a total of 56 studies. 19 articles analyzed both formal and informal institution effects, and 7 papers discussed formal institution effects: corruption, and education system. Furthermore, a total of 56 articles, of which 25 articles relied on quantitative and secondary data, the next dominant method was quantitative and survey, resulting in 17 articles, the conceptual approach and literature review received less research attention with 8 and 6 articles, respectively (see Table 2.3).

Table 2.3: Main topics in socialism and entrepreneurship.

| Main topics | Articles | Conceptual papers/Literature review | Qualitative/Interviews | Quantitative | | Mix methods /others |
|--|-----------|-------------------------------------|------------------------|--------------|----------------|---------------------|
| | | | | Surveys | Secondary data | |
| <i>Socialism and individuals' values and attitudes</i> | | | | | | |
| <u>Formal institution effects</u> | | | | | | |
| Corruption | 1 | | | | 1 | |
| Educational system | 3 | | | 2 | 1 | |
| <u>Informal institution effects</u> | | | | | | |
| Conduct of society: wage structure and labor market change | 13 | | | 2 | 11 | |
| Codes of behavior | 4 | | | 4 | | |
| Social norms and values: human capital and social capital | 18 | | 1 | 4 | 12 | 1 |
| Social norms and values: government intervention and free enterprise | 45 | | 2 | 5 | 38 | |
| Total | 84 | | 3 | 17 | 63 | 1 |

Table 2.3: Main topics in socialism and entrepreneurship (continued).

| Main topics | Articles | Conceptual papers/Literature review | Qualitative/ Interviews | Quantitative | | Mix methods /others |
|---|-----------|-------------------------------------|-------------------------|--------------|----------------|---------------------|
| | | | | Surveys | Secondary data | |
| <i>Socialism and individuals' attitudes toward entrepreneurship</i> | | | | | | |
| <u>Informal institution effects:</u> | | | | | | |
| Social norms and values: human capital and social capital | 4 | | 1 | 2 | 1 | |
| <i>Socialism and entrepreneurship</i> | | | | | | |
| <u>Formal and informal institution effects</u> | | | | | | |
| | 19 | 7 | 3 | 3 | 6 | |
| <u>Formal institution effect</u> | | | | | | |
| Corruption | 7 | | 2 | 2 | 3 | |
| <u>Informal institution effects</u> | | | | | | |
| Conduct of society | 3 | | | 1 | 2 | |
| Codes of behavior | 1 | | | 1 | | |
| Social norms and values: human capital and social capital | 26 | 1 | 1 | 10 | 14 | |
| Total | 56 | 8 | 6 | 17 | 25 | |

Publications by important articles

Table 2.4 presents influential studies according to Google Scholar citations over a 30-year period. Since older articles have a stronger and longer presence, we arranged the published articles in three chronological orders (e.g., 1990-1999, 2000-2009, and the 2010-2020 period). Research related to socialism and individuals' values and attitudes over the 1990-1999 time, the article written by [Frese et al. \(1996\)](#) received the highest citations (1,105 times), the cited article that had the second most citations during this period was the one by [Weber and Hsee \(1998\)](#) with 1,063 citations, followed by the study by [Schwartz and Bardi \(1997\)](#) (619 times), [Brainerd \(1998\)](#) (521 times), and [Ockenfels and Weimann \(1999\)](#) (355 times). Of the top 5 important articles during the 2000-2009 period, the paper written by [Anderson and Tverdova \(2003\)](#) received the most citations with 1,214 times, the study by [Alesina and Fuchs-Schündeln \(2007\)](#) had 1,118 citations, and the article by [Corneo and Grüner \(2002\)](#) received 819 citations from researchers. Studies on this topic from 2010 to 2020, the top one paper with the highest number of citations was the study by [Dallinger \(2010\)](#) (187 times), followed by the article written by [Brosig-Koch et al. \(2011\)](#), which was cited 163 times.

Four papers focusing on socialism and individuals' opinion on entrepreneurs, there were two studies in the 2000-2009 period, such as [Mueller and Thomas \(2001\)](#), and [Mueller et al. \(2002\)](#). The study written by [Mueller and Thomas \(2001\)](#) received 2,088 citations, whereas the article by [Mueller](#)

et al. (2002) had 72 ones. Over the 2010-2020 time, the study by Glinka and Thatchenkery (2013), which had 5 citations more than the articles written by Adam-Müller et al. (2015) with 7 times (see Table 2.4).

The 56 studies on socialism and entrepreneurship in our sample, the top 5 influential articles in the 1990-1999 period were Baumol (1990), Busenitz and Lau (1996), McGrath et al. (1992), Holt (1997), and Ageev et al. (1995). Of these articles, the most cited article was written by Baumol (1990) (6,667 times), the study that had the second most cited references was the one by Busenitz and Lau (1996) (848 times), followed by McGrath et al. (1992) with 423 citations, the study by Holt (1997), and Ageev et al. (1995) with 189 and 125 citations, respectively. During the 2000-2009 period, of the top 5 important studies, the most cited paper, which received 788 citations, was the one by Smallbone and Welter (2001), the study written by Aidis et al. (2008) was the second most cited article with 745 times, and the article by Egri and Ralston (2004) was the third most cited with 646 citations. Regarding articles published in the 2010-2020 period, the article that had the highest number of citations was the one investigated by Welter (2011) (cited 1,619 times), followed by the article written by Bruton et al. (2010), which was cited 1,126 times, and the paper by Puffer et al. (2010) with 578 citations (see Table 2.4).

Table 2.4: Top 5 important articles over the time period.

| Article | Journal | Google Scholar citations | | |
|---|--|--------------------------|-----------|-----------|
| | | 1990-1999 | 2000-2009 | 2010-2020 |
| <i>Socialism and individuals' values and attitudes</i> | | | | |
| Frese et al. (1996) | Academy of Management Journal | 1,105 | | |
| Weber and Hsee (1998) | Management Science | 1,063 | | |
| Schwartz and Bardi (1997) | Political Psychology | 619 | | |
| Brainerd (1998) | American Economic Review | 521 | | |
| Ockenfels and Weimann (1999) | Journal of Public Economics | 355 | | |
| Anderson and Tverdova (2003) | American Journal of Political Science | | 1,214 | |
| Alesina and Fuchs-Schündeln (2007) | American Economic Review | | 1,118 | |
| Corneo and Grüner (2002) | Journal of Public Economics | | 819 | |
| Ravallion and Lokshin (2000) | Journal of Public Economics | | 426 | |
| Münich et al. (2005) | The Review of Economics and Statistics | | 299 | |
| Dallinger (2010) | Journal of European Social Policy | | | 187 |
| Brosig-Koch et al. (2011) | Journal of Public Economics | | | 163 |
| Svallfors (2010) | European Political Science Review | | | 143 |
| Guillaud (2013) | The Journal of Economic Inequality | | | 143 |
| Cantoni et al. (2017) | Journal of Political Economy | | | 137 |
| <i>Socialism and individuals' attitudes toward entrepreneurship</i> | | | | |
| Mueller and Thomas (2001) | Journal of Business Venturing | | 2,088 | |
| Mueller et al. (2002) | Advances in Comparative International Management | | 72 | |

Table 2.4: Top 5 important articles over the time period (continued).

| Article | Journal | Google Scholar citations | | |
|--|---|--------------------------|-----------|-----------|
| | | 1990-1999 | 2000-2009 | 2010-2020 |
| Adam-Müller et al. (2015) | Business Administration Review | | | 7 |
| Glinka and Thatchenkery (2013) | International Journal of Human Resources Development and Management | | | 12 |
| <i>Socialism and entrepreneurship</i> | | | | |
| Baumol (1990) | Journal of Business Venturing | 6,667 | | |
| Busenitz and Lau (1996) | Entrepreneurship Theory and Practice | 848 | | |
| McGrath et al. (1992) | Journal of Business Venturing | 423 | | |
| Holt (1997) | Journal of Business Venturing | 189 | | |
| Ageev et al. (1995) | Small Business Economics | 125 | | |
| Smallbone and Welter (2001) | Small Business Economics | | 788 | |
| Aidis et al. (2008) | Journal of Business Venturing | | 745 | |
| Egri and Ralston (2004) | Organization Science | | 646 | |
| Batjargal and Liu (2004) | Organization Science | | 546 | |
| Li et al. (2006) | Economic Inquiry | | 437 | |
| Welter (2011) | Entrepreneurship Theory and Practice | | | 1,619 |
| Bruton et al. (2010) | Entrepreneurship Theory and Practice | | | 1,126 |
| Puffer et al. (2010) | Entrepreneurship Theory and Practice | | | 578 |
| Shook and Bratianu (2010) | International Entrepreneurship and Management Journal | | | 234 |
| Fritsch and Wyrwich (2014) | Regional Studies | | | 198 |

Publications by productive authors

Table 2.5 shows the most productive authors who contributed at least 2 articles (either single-authored or co-authored as well as multi-authored articles) to the research field. In regard to studies on socialism and individuals' values and attitudes, the most productive author was Denisova, who contributed 3 papers. His work (3 articles) were cited 199 times according to Google Scholar citations and 67 times by Web of Science citations. Others of the top productive authors contributed 2 articles to this research field. However, 2 articles written by Bardi and Schwartz had the highest number of citations, and they were published by the Political Psychology.

There were only two productive authors, namely Mueller, and Thomas, who contributed to socialism and entrepreneurship search in terms of socialism and individuals' attitudes toward entrepreneurs. Two articles of them were collaborations between at least two authors and received 2,150 citations (Google Scholar), and 506 citations (Web of Science).

Studies on socialism and entrepreneurship activity have been received more research attention. There were five productive authors who produced at least 4 articles. Among the top five most productive authors, Welter produced the highest number of articles (6 ones) and received the most citations as well, with 3,165 times (Google Scholar citations) and 1,083 times (Web of Science citations). Like Welter, Wyrwich also contributed to this research field 6 articles that received a total of 536 citations according to Google Scholar and 257 citations according to Web of Science. Aidis, who was the third most prolific author, had significant contributions with 5 articles. These five papers by Aidis were cited 1,396 times (Google Scholar citations) and 421 times (Web of Science citations). Fritsch and Smallbone produced the same number of studies related to socialism and entrepreneurship (4 articles). Compared to articles by Fritsch, four papers written by Smallbone had more citations with 1,495 times (Google Scholar citations). Mickiewicz contributed 3 articles, Estrin and Tan produced the same number (2 articles) (see Table 2.5).

Table 2.5: Top productive authors.

| Author | Number of articles | Google Scholar citations | Web of Science citations |
|---|--------------------|--------------------------|--------------------------|
| <i>Socialism and individuals' values and attitudes</i> | | | |
| Denisova, I. | 3 | 199 | 67 |
| Bönisch, P. | 2 | 34 | 14 |
| Schneider, L. | 2 | 34 | 14 |
| Banalieva, E. R. | 2 | 12 | 7 |
| Schwartz, S. H. | 2 | 726 | 251 |
| Bardi, A. | 2 | 726 | 251 |
| Doan, T. | 2 | 34 | 3 |
| Banalieva, E. R. | 2 | 12 | 7 |
| Pop-Eleches, G. | 2 | 176 | 86 |
| Migheli, M. | 2 | 7 | 6 |
| Lipsmeyer, C. S. | 2 | 161 | 53 |
| <i>Socialism and individuals' attitudes toward entrepreneurship</i> | | | |
| Mueller, S. L. | 2 | 2,150 | 506 |
| Thomas, A. S. | 2 | 2,150 | 506 |
| <i>Socialism and entrepreneurship</i> | | | |
| Welter, F. | 6 | 3,165 | 1,083 |
| Wyrwich, M. | 6 | 536 | 257 |
| Aidis, R. | 5 | 1,396 | 421 |
| Fritsch, M. | 4 | 453 | 218 |
| Smallbone, D. | 4 | 1,495 | 408 |
| Mickiewicz, T. | 3 | 862 | 286 |
| Estrin, S. | 2 | 784 | 258 |
| Tan, J. | 2 | 603 | 132 |

2.3.3 Review of previous studies on socialism and entrepreneurship

Literature review with the effect of socialism on individuals' values and attitudes

It is generally acknowledged that the socialist legacy, including formal and informal frameworks, is viewed as primarily responsible for forming people's values and attitudes, which affect their intentions and actions. Scholars in transition economies have demonstrated that the former socialist frameworks, both formal and informal institutions, have an indelible imprint on individuals' values and norms that still endure (Andren et al., 2005; Brosig-Koch et al., 2011; Cantoni et al., 2017; Runst, 2014; Sztompka, 1996). That is, people with a post-socialist ideology place higher value on conservatism and hierarchy rather than autonomy and mastery. In other words, conformity and security are higher on their list of priorities than self-direction and stimulation (Blanchflower & Freeman, 1997; Schwartz & Bardi, 1997; Alesina & Fuchs-Schündeln, 2007). Several other studies have pointed out that individuals with a history of communist central planning, for instance, Eastern Europeans, favor government intervention and redistribution more than Westerners (Corneo, 2001; Corneo & Grüner, 2002; Denisova et al., 2010; Runst, 2014). However, the literature focusing on the influence of socialist heritage on individuals' values and attitudes lacks systematization and categorization. Thus, it is plausible to provide an organized picture of existing studies in this field (Table 2.6).

Table 2.6: Literature on the effects of socialism on individuals' values and attitudes.

| Author (s) | Content | Method/ Source | Country (ies) | Findings |
|---|--|---------------------------------------|------------------|---|
| Characteristics of socialism analyzed: Formal institutional effects: | | | | |
| Corruption | | | | |
| Anderson and Tverdova (2003) | Effect of corruption on individuals' attitudes toward government. | Quantitative/ ISSP | 16 countries | Individuals in contexts with high corruption are less satisfied with political systems. |
| Educational system | | | | |
| Cantoni et al. (2017) | Effects of school curricula on students' stated beliefs and attitudes. | Quantitative/ Survey | China | The educational system of the Communist Party is associated with students' ideology. |
| Chevalier and Marie (2017) | Socialist effects on the parental selection and children's educational outcome. | Quantitative/ PIRLS, DJI, GSOEP | Germany | Children who were born under the transition period perform worse on their educational outcomes. Their mother characteristics are the main explanation for these effects. |
| Fuchs-Schündeln and Massella (2016) | Effects of a socialist education on the probability of obtaining a college degree and labor market outcomes. | Quantitative/ Survey | Germany | An additional year of socialist education decreases the probability of obtaining a college degree and affects longer-terms labor market outcomes for men. |

Table 2.6: Literature on the effects of socialism on individuals' values and attitudes (continued).

| Author (s) | Content | Method/ Source | Country (ies) | Findings |
|--|--|------------------------------------|---------------------------------|--|
| <u>Informal institution effects:</u> | | | | |
| Conduct of society: wage structure and labor market change | | | | |
| Andren et al. (2005) | Effects of wage structure changes on schooling under socialism and in transition. | Quantitative/ IHS | Romania | There is a gradual rise in the number of years of schooling among Romanian people during the transition. |
| Doan and Gibson (2012) | Returns to education in Vietnam during the transitioning time. | Quantitative/ VHLSS | Vietnam | Returns to schooling increase in the transition period among Vietnamese people. |
| Doan et al. (2018) | Returns to education in Vietnam during the transition period. | Quantitative/ VHLSS | Vietnam | Returns to schooling increased quickly in 2008/2009, then decline afterward among Vietnamese people. |
| Filer et al. (1999) | Returns to education during transition economies. | Quantitative/ Survey | Czech and Slovak Republics | Returns to education have sustained and rapidly increase in the Czech and Slovak Republics. |
| Fleisher et al. (2005) | Returns to schooling among individuals in transition economies after reforms. | Quantitative/ Meta-analysis | 11 countries | Returns to schooling are positive across post-socialist countries, but China has a slow increase in returns to schooling. |
| Münich et al. (2005) | Returns to human capital under the communism and the transition. | Quantitative/ Survey | Czech Republic | Individuals with high school and university degrees have an increase in their returns to education (e.g., law) rather than individuals with basic education have during the transition period. |
| Yang (2005) | Determinants of schooling returns during the transition. | Quantitative/ CHIP | China | The labor market has a positive association with returns to education among Chinese people during the transition time. |
| Brainerd (1998) | Effects of changes in wage structure on returns to education and occupation in Russia. | Quantitative/ RCPOR | Russia | Returns to education and occupation have increased. Women and older workers have suffered sharp relative wage declines. |
| Campos and Jolliffe (2003) | Returns to education after, before, and during the transition in Hungary. | Quantitative/ WES | Hungary | Women had higher returns to schooling than had men in 1986. In 1998, men had slightly higher returns to schooling. |
| Bird et al. (1994) | Effect of wage structure on returns to school and work experience among individuals. | Quantitative/ GSOEP | Germany | East Germans are significantly associated with returns to schooling gained under socialism, but no significant returns to work experience. |
| Chase (1998) | Effects of changes in wage structure on returns to education and experience. | Quantitative/ SSS | The Czech Republic and Slovakia | Returns to education rise significantly but returns to experience fall. |
| Gorodnichenko and Peter (2005) | Returns to schooling in Russia and Ukraine. | Quantitative/ RLMS and ULMS | Russia and Ukraine | Returns to schooling are positive in Russia and Ukraine, but the skill composition of employment does not have returns. |
| Orazem and Vodopivec (1997) | Effects of changes in wage structure on returns to human capital under a transition economy. | Quantitative/ Literature review | Slovenia | Slovenian people invest in more high-skill intensive services, low-skill intensive manufacturing, and mining during the transition period. |

Table 2.6: Literature on the effects of socialism on individuals' values and attitudes (continued).

| Author (s) | Content | Method/ Source | Country (ies) | Findings |
|---|--|---------------------------------|--|---|
| Codes of behavior | | | | |
| Banalieva et al. (2017) | Effects of the communist footprint on workers' behaviors. | Quantitative/ Survey | 7 European countries | The communist footprint still affects workers' behaviors today. Individuals with less prolonged socialist regime are less negative professionals toward organizationally constructive. |
| Brosig-Koch et al. (2011) | Effects of socialism on solidarity behavior in East and West Germany. | Quantitative/ Experiment | Germany | East Germans are less solidarity than are West Germans. |
| Frese et al. (1996) | Differences in a personal initiative at work among East and West Germans. | Quantitative/ Interviews | Germany | East Germans are lower initiative at work compared to West Germans. |
| Ockenfels and Weimann (1999) | Effects of socioeconomic histories on cooperation and solidarity behavior. | Qualitative/ Experiment | Germany | East Germans behave in a significantly more selfish manner than do West Germans. |
| Social norms and values: human capital and social capital | | | | |
| Van Hoorn and Maseland (2010) | Effects of communist cultural legacy on individuals' values. | Quantitative/ GSOEP | Germany | East Germans appear to entertain values more conducive to economic growth. |
| Bardi and Schwartz (1996) | Effect of the communist experience on individuals' sociopolitical values. | Quantitative/ Eastern Europe | 8 Eastern European countries | Individuals with communist regime place more importance on conformity value; lower importance on self-direction value. |
| Schwartz and Bardi (1997) | Influences of communist rule on individuals' value priorities. | Quantitative/ Survey | 7 Eastern Europe countries | East Europeans are likely to attribute high important to conservatism and hierarchy; low important to egalitarianism, intellectual and affective autonomy, and mastery values. |
| Sztompka (1996) | Legacy of communism as a "bloc culture" or "civilizational incompetence." | Qualitative/ a review | East-Central European countries | People in post-socialist countries place high importance on conformity, collectivism, and security; low priority on individualism, lack of capitalist spirit, and risk-taking. |
| Weber and Hsee (1998) | Effects of culture on students' risk preferences. | Quantitative/ Survey | 2 European countries, China and the US | Chinese students are less risk aversion compared to Germans, the US, and Polish. |
| Heineck and Süßmuth (2013) | Effect of Lenin's legacy on individuals' risk-taking and social capital. | Quantitative/ GSOEP | Germany | East Germans have a lower level of social trust and cooperation, but they are more risk-taking than are West Germans. |
| Necker and Voskort (2014) | Intergenerational transmission of values preserves the socialist influence across generations. | Quantitative/ GSOEP | Germany | The socialist legacy still affects individuals' values among East and West Germans. The effect of intergenerational transmission on the persistence of values is small to moderate. |
| Boenisch and Schneider (2010) | Effects of communist history on individuals' informal social networks. | Quantitative/ GSOEP | Germany | East Germans are more invested in locally bounded informal social networks than are West Germans. |
| Bönisch and Schneider (2013) | Effects of communism on social capital. | Quantitative/ GSOEP | Germany | Individuals under the communist regime are less invested in open social capital. |

Table 2.6: Literature on the effects of socialism on individuals' values and attitudes (continued).

| Author (s) | Content | Method/ Source | Country (ies) | Findings |
|--|---|---|---|--|
| Linz and Chu (2013) | Work values of employees in transition economies. | Quantitative/ Survey | 3 European countries | Younger workers with socialist experience express lower protestant work ethic. |
| Berend (2007) | The enduring values and culture of socialism. | Mixed methods/others | | Socialist values and behaviors change slowly. |
| Sapsford and Abbott (2006) | How much individuals trust in people and government. | Quantitative/ Lifestyle and Health Project | 8 post-communist countries | Individuals in post-socialist countries have the highest trust in relatives and friends, whereas they have the lowest trust in government. |
| Simkus and Robert (1995) | People's attitudes toward inequality. | Quantitative/ ISSP | 18 countries | Individuals with former socialist regime place high importance on egalitarian. |
| Pop-Eleches and Tucker (2011) | The enduring values of the former communist regime. | Quantitative/ EVS and WVS | Germany | Individuals with socialist institutions (East Germans) have lower trust in government. |
| Watts (1994) | Enduring values of socialism under the differences in East and West Germans characteristics. | Quantitative/ Survey | Germany | East Germans place high importance on authority, respect and collective values. |
| Alas and Rees (2006) | Individuals' values and attitudes at works in the post- and developed countries. | Quantitative/ Denki Ringo Research Group | 15 countries | Individuals in post-socialist countries consider a lower level of job satisfaction and benefits in organizations, whilst people in capitalist countries pay attention to a higher level of job satisfaction and competence in organizations. |
| Borgulya and Hahn (2008) | Attitudes toward work among individuals in Central and Eastern European countries. | Quantitative/ EVS | 14 European countries | People place high importance on high salaries and wages, job security and pleasant colleagues. |
| Parboteeah and Cullen (2003) | The effect of socialism on work centrality among individuals. | Quantitative/ WVS | 26 countries | Individuals with socialism (higher government interventions) place a lower importance on work in their life. |
| Social norms and values: government intervention and free enterprise | | | | |
| Finifter and Mickiewicz (1992) | Public opinion on economic and political issues, socialist ideology, social well-being. | Quantitative/ RCPOR | Russia | Education, age, income, and party membership have a significant impact on individuals' views on economic policies. The college-educated people are more supportive of state intervention. |
| Miller et al. (1994) | Individuals' opinions on the state in guaranteeing social well-being. | Quantitative/ RAS, NES | Russian, Ukraine, Lithuanian | Higher educated people are less in favor of government intervention in terms of social well-being. |
| Habibov (2013) | Attitudes toward state redistribution among individuals in the former Soviet Union countries. | Quantitative/ LIT | 14 Post-Soviet countries | The older, the less educated, the poor people, and women are more in favor of state redistribution compared to the younger, the better educated, the rich people, and men. |
| Hayo (2004) | Individuals' attitudes toward creating a market economy in Eastern Europe. | Quantitative/ CEEB, NDB | 21 Central and Eastern European countries | Unemployed, poor, older, female, and less-educated people are less in favor of the creation of a market economy. |
| Ravallion and Lokshin (2000) | Individuals' preference for governmental intervention and redistribution. | Quantitative /RLMS | Russia | Russian adults who are less educated, fear of losing a job, older and women are more in favor of state redistribution. |

Table 2.6: Literature on the effects of socialism on individuals' values and attitudes (continued).

| Author (s) | Content | Method/ Source | Country (ies) | Findings |
|---------------------------------------|--|-------------------------|-------------------------|---|
| Lipsmeyer (2003) | Individuals' welfare preferences and attitudes in Post-Communist Europe. | Quantitative/ ISSP | European countries | Individuals in post-socialist countries favor more state supports (e.g., old-age pensions, health care). |
| Svallfors (2010) | Institutional effects on individuals' attitudes toward state responsibilities. | Quantitative/ ISSP | Germany | Younger people are less in favor of state intervention compared to older people. |
| Blanchflower and Freeman (1997) | Individuals' attitudes toward government intervention. | Quantitative/ ISSP | 17 countries | Individuals with a socialist regime more support to strong trade unions and state intervention. |
| Corneo and Grüner (2002) | Effects of the former socialist regime on individuals' attitudes toward state supports. | Quantitative/ ISSP | 12 countries | Individuals living in formerly socialist countries are more likely to support an active role of the state in reducing economic inequality. |
| Dallinger (2010) | Individuals' attitudes towards state redistribution. | Quantitative/ ISSP | 23 countries | Individuals in post-socialist economies are more supportive of state redistribution compared to those in mature economies. |
| Denisova et al. (2009) | Individuals' attitudes toward revising privatization in transition economies. | Quantitative/ LiTS | 28 transition economies | In post-socialist countries, individuals with high-market skills are not supportive of revising privatization than people with low-market skills. |
| Denisova et al. (2010) | Russian people's views on the transition process and the role of the state. | Quantitative/ RLMS | Russia | Russian people are more in favor of state regulation and intervention. |
| Duch (1993) | How Soviet citizens respond to free-market reform. | Quantitative/ USSR | 10 countries | Russian people are not interested in reforming economic and political systems toward a free-market economy. |
| Finkel et al. (2001) | Effects of socialist values on the perception of democratic support in East Germany. | Quantitative/ Survey | Germany | Individuals with more experience in the democratic system are less supportive of socialism and the previous regime. |
| Frentzel-Zagorska and Zagorski (1993) | Polish attitudes toward privatization programs and state intervention. | Quantitative/ Survey | Poland | 30% of Polish people prefer government intervention in public and services, whereas 60% are likely to have a mixed economy. |
| Gibson (1996) | Individuals' attitudes toward democracy and the market economy. | Quantitative/ Survey | Russia and Ukraine | Russian and Ukrainian support the economic and political reforms. |
| Gijsberts (2002) | Attitudes toward income equality among individuals in post-socialist and market countries. | Quantitative/ ISSP | 7 countries | Before the socioeconomic transformation, people in post-socialist countries are in favor of egalitarianism, but after economic reform, their egalitarian attitudes are the same as those in market societies. |
| Gugushvili (2015) | Perception of transition and welfare preferences in Eastern Europe. | Quantitative/ LITS | 6 European countries | Individuals in transition economies prefer state intervention in terms of reducing gaps between the rich and the poor to social welfare. |
| Guillaud (2013) | Effects of the former socialist regime on individuals' attitudes toward redistribution. | Quantitative/ ISSP | 33 countries | Individuals under the former communist regime are favourable to state redistribution. |

Table 2.6: Literature on the effects of socialism on individuals' values and attitudes (continued).

| Author (s) | Content | Method/ Source | Country (ies) | Findings |
|------------------------------------|---|------------------------------------|-----------------------------|--|
| Hadarics (2016) | Individual's welfare preferences in European countries. | Quantitative/ ESS | 30 European countries | State intervention and egalitarianism are associated with individuals in postsocialist countries. |
| Kuhn (2013) | Attitudes toward inequality, distribution, and redistribution among East and West Germans. | Quantitative/ ISSP | Germany | East Germans are more willing to be supportive of state redistribution and progressive taxation, less likely to have a conservative political orientation. |
| Kulin and Meuleman (2015) | Effects of communist legacy on human values and the welfare state in Europe. | Quantitative/ ESS | 21 European countries | In Eastern Europe, a positive impact of self-transcendence on the welfare state is weaker or even non-existent, whereas conservation values have a strong positive effect on views on state support. |
| Lipsmeyer and Nordstrom (2003) | East versus West: individuals' political attitudes and welfare preferences. | Quantitative/ ISSP | 15 European countries | Eastern Europeans are more in favor of government intervention compared to Western people. |
| Mason (1995) | People's attitudes toward the market and political participation. | Quantitative/ ISJP | 12 countries | People with socialist history are more in favor of state intervention. |
| Migheli (2012) | People's preferences for state intervention. | Quantitative/ WVS | Germany | East Germans prefer government intervention. |
| Migheli (2016) | Effects of the communist legacy on individuals' preferences and attitudes toward competition. | Quantitative/ WVS | European countries | Eastern European favor government intervention, but they have a better opinion about competition compared to Western people. |
| Mueller and Clarke (1998) | Business students' attitudes toward equity in the US and Eastern Europe. | Quantitative/ Survey | 6 countries | Individuals from collectivist cultures have a lower propensity for benevolent behavior. |
| Murthi and Tiongson (2009) | Individuals' attitudes toward income equality. | Quantitative/ WVS | 17 European countries | People in former Soviet Union countries display a significantly lower preference for greater income equality than those in Eastern Europe. |
| Örkény and Székelyi (2000) | Individuals' attitudes toward social inequality and state intervention. | Quantitative/ ISJP | 13 countries | Individuals in post-socialist countries are desirable for state intervention. |
| Pop-Eleches and Tucker (2014) | Effect of communism history on individuals' attitudes toward democracy and capitalism. | Quantitative/ PCP | Transition economies | Individuals who were exposed more to communist institutions contribute to weaker support for democracy and the market. |
| Runst (2014) | Popular attitudes toward market economic principles and institutional reform. | Quantitative/ WVS/Eurobarometer | 21 European countries | Individuals with the socialist legacy are more supportive of government intervention, and state ownership, but less in favor of competition. |
| Alesina and Fuchs-Schündeln (2007) | The effect of communism on people's preferences. | Quantitative/ GSOEP | Germany | East Germans are more in favor of government intervention. This effect is rather deeply shaped by the political regime in which they live. |
| Janmaat (2013) | People's views on inequality. | Qualitative/ a review | Literature review | |

Table 2.6: Literature on the effects of socialism on individuals' values and attitudes (continued).

| Author (s) | Content | Method/ Source | Country (ies) | Findings |
|--------------------------------|---|-------------------------------|-----------------------------|--|
| Golinelli and Rovelli (2013) | Effects of communist transformations on people's attitudes toward economic and political systems. | Quantitative/ CSPP | 14 European countries | People are more in favor of economic and political reforms in case of economic growth. |
| Christensen (1998) | Effects of communist transformations on people's attitudes toward economic and political systems. | Qualitative/ Interviews | Russia | People are more in favor of government intervention. |
| Cernat (2010) | People's attitudes toward political support and communism. | Quantitative/ GOR | Romania | Unhappy and older people are more likely to support communism. |
| Jakubowska and Kaniasty (2014) | Public's attitudes toward democracy in Poland. | Quantitative/ Interviews | Poland | Polish adults have a positive perception of democracy. |
| Denisova et al. (2012) | Individuals' attitudes toward revising privatization in transition economies. | Quantitative/ LiTS | 28 countries | Individuals in post-communist countries are supportive of revising privatization because of lacking personal experience. |
| Andersen (2012) | Individuals' attitudes toward democracy. | Quantitative/ WVS | 35 countries | People in former communist countries are less likely to support democracy. |
| Słomczyński and Wilk (2002) | Individuals' attitudes toward socialism. | Quantitative/ Poland panel | Poland | Winners (experts, owners, managers) have a negative view on socialism, whilst losers (unemployed, farmers, and pensioners) have a positive attitude towards socialism. |
| Osborn (1998) | People's attitudes toward privatization program. | Quantitative/ TMCPP | 3 European countries | Younger, high-educated, and female people have a positive attitude towards privatization. |
| Eble and Koeva (2002) | Individuals' preferences to socialism. | Quantitative/ RLMS | Russia | Individuals working for financial sectors, the younger generation, and higher educated people are less likely to support the revival of socialism than those with working for manufacturing sectors, older, and primary education. |
| Sack (2017) | Democratic values of individuals in Germany. | Quantitative/ ESS | Germany | East Germans who have more experience under the socialist regime are more in favor of the socialism model. |
| Okulicz-Kozaryn (2014) | People's preferences for government intervention and redistribution. | Quantitative/ CDCEE | 15 European countries | Poor people are more likely to support government redistribution than better-off people. |
| Huang (2019) | Chinese preferences for government redistribution. | Quantitative/ WVS | China | Chinese individuals with working for state-sector are more likely to support government intervention than those in the non-state sector. |

Analyzing the influence of formal institutional legacy on individuals' values and attitudes, Anderson and Tverdova (2003) use individual-level data from sixteen countries to investigate individuals' attitudes toward government in terms of political support underlying the effect of level of corruption. Their findings suggest that people in countries with high corruption are less satisfied with the political system and express negative attitudes toward civil servants. In contrast to the approach

taken by [Anderson and Tverdova \(2003\)](#), [Chevalier and Marie \(2017\)](#) examine the effect of a formal socialist heritage, focusing on the educational system. They analyze the educational outcomes of children who were born in East Germany in 1989 just after the fall of the Berlin Wall. Chevalier and Marie show that these children have lower educational outcomes. They find that parental selection, in particular, the mother's characteristics – are the main reasons for this mechanism effect, rather than the socioeconomic environment. Also, [Chevalier and Marie \(2017\)](#) explain that women who gave birth during the transition process have lower educational attainment, which strongly affects their children.

Similarly, [Fuchs-Schündeln and Masella \(2016\)](#) test the long-lasting effect of a socialist education on returns to school and labor market outcomes among individuals in the market environment through socialist educational contents and teaching styles. They reveal that individuals (both men and women) with an additional year of socialist education are less likely to obtain a college degree. Also, they find that the cancellation of two socialist education features, such as restrictions on career options and access to a college degree, leads East Germans to access higher education qualification and market outcomes. Their findings contribute to the debate among scholars of socialism investigating the persistent effects of a socialist education on individuals' preferences. [Fuchs-Schündeln and Masella \(2016\)](#) argue that the education system, in particular, the content of lectures, the style of teaching, and the language of instruction, have important impacts on student performance and standard labor market outcomes.

Regarding individuals' preferences in transition economies to consider the impacts of informal frameworks, for example, the conduct of society, [Münich et al. \(2005\)](#) indicate that the sheepskin effect and changes in the economic structure during the transition period leads people to invest in more education and switch their field rapidly from health to law studies. This finding is in line with the arguments of [Andren et al. \(2005\)](#) and [Doan and Gibson \(2012\)](#), who demonstrate a gradual rise in returns to education among individuals in transition countries, in Romania and Vietnam respectively, because of changes in wage structures. Similarly, [Fleisher et al. \(2005\)](#), using a meta-analysis, investigate the returns to schooling during the period of socioeconomic reforms to form market economies across the post-socialist countries. They find that the new structure of wage distributions significantly increase the returns to education in these transition economies, except China, its returns to schooling are experienced slowly. One of the main reasons for this result is that the transition process in East-Central European countries differ from those in China, where the Communist Party is still the sole leader of the country and play an important role in controlling both the economic and political arenas ([Fleisher et al., 2005](#)).

Dramatic economic and political reforms in transition countries raise individual returns to education as well as work experience. For instance, [Orazem and Vodopivec \(1997\)](#) point out that after the collapse of the former Soviet Union, Slovenians invested more in skills related to services rather than industry-specific skills, such as those in mining and manufacturing. [Orazem and Vodopivec \(1997\)](#) explain that in a command economy, SOEs are dominant, and they focus on heavy industries. The industry-specific experience and skills that individuals gained from working for SOEs under socialist regimes become out-dated in market economies. Therefore, a transition to the free-market forces people to improve their human capital, pivoting from low-skilled industry to high-skilled services.

Moreover, a remarkable increase in demand for services, for example, finance, insurance, and consulting, resulting from significant socioeconomic and political changes in the transformation process accounts for the shift in returns to education and work experience among individuals. [Orazem and Vodopivec \(1997\)](#)'s explanations are consistent with those of [Brainerd \(1998\)](#), who argues that before the transition, the wage system was measured by simple skills, whereas in the transition period the level of education, occupational status, years of experience, and even the gender gap are selection criteria in the wage distribution. This new tendency in the wage structure enabled Russians to switch to workers with higher skills and education ([Brainerd, 1998](#)).

However, existing studies by [Bird et al. \(1994\)](#), [Chase \(1998\)](#), and [Gorodnichenko and Peter \(2005\)](#) provide somewhat contradictory findings on the returns to human capital in terms of work experience during the transition to a market economy. [Chase \(1998\)](#) tests how formerly communist characteristics affect the wage distribution, which, in turn, influences returns to education and work experience in the Czech Republic and Slovakia after the economic and political transformation around 1990. Chase finds that returns to schooling are positively associated with changes in economic reforms, whereas returns to work skills and experience decrease, especially among older workers. These suggestions are consistent with the results of [Bird et al. \(1994\)](#), who suggest that older workers, particularly East Germans whose work experience applies only to SOEs in the command economy and is, clearly, less valuable in a mature market. Therefore, the wages of these workers in East Germany decline.

Several other authors investigate the effect of socialism on people's values and attitudes through different behavior. [Ockenfels and Weimann \(1999\)](#), for instance, conduct an experimental study to compare the differences in the behavior of East and West Germans through various games (e.g., public good and solidarity experiments). They find that people in Eastern Germany behave more selfishly in cooperation and solidarity than Western Germans do. They claim that the different habits

exhibited by East and West Germans might be significantly affected by different economic and social histories in the two regions of Germany. Whereas [Ockenfels and Weimann \(1999\)](#) use games to analyze the different behavior demonstrated by East and West Germans, [Frese et al. \(1996\)](#) use a questionnaire to test personal initiatives at work between them and stress that East Germans act on low initiative. That is, East Germans often wait for their supervisors to tell them what to do and how to solve problems, instead of addressing these issues proactively. [Frese et al. \(1996\)](#) argue that a planned system, which has no competition, few skills at work, and little encouragement to create new technology and innovation, leads to less personal initiative in East Germany than West Germany.

An informal institutional heritage, such as social conduct, behavioral codes, social norms, and values embedded in individuals' values and attitudes still persist in the informal ways even formal institutions change. [Sztompka \(1996\)](#) describes the legacy of the communism as a "bloc culture" that could withstand even severe changes in formal social arrangements. This legacy comprises a list of priorities by people who are exposed to post-socialist economies. For example, conformity, collectivism, and security are ranked as the top priorities over self-reliance, individualism, and risk-taking. He also notes that a plausible explanation for the persistence of norms and values is a generational effect in which "the bridge between the influences of the past and the future, for example, is provided by generation; congeries of people who – in their formative years – have happened to be exposed to similar, significant social forces" ([Sztompka, 1996, p. 126](#)).

[Schwartz and Bardi \(1997\)](#) examine the influences of adaptation to communist regimes on value priorities, using a representative sample of schoolteachers and university students in European countries. They find that, to Eastern Europeans, conservatism and hierarchy values are more important than autonomy and mastery values. Two primary reasons account for the resulting characteristic set of value priorities, including direct indoctrination in communist ideology and people's adaptation to communist rules. They further explain that norms and values that developed in the communist period were mostly adopted, not as an effect of direct indoctrination but, rather, as a method of social adaptation to the prevailing economic and social conditions.

In analyzing a preference for the state-taking, such as egalitarianism, trade unions, [Blanchflower and Freeman \(1997\)](#) use data from the International Social Survey Program to test the influence of attitudinal legacy in the formerly socialist regimes on Europeans' support of government-supplying. They point out that citizens of formerly communist countries are more in favor of strong trade unions and government intervention and redistribution than are Western Europeans. The conclusion drawn by [Blanchflower and Freeman \(1997\)](#) is in line with the findings of [Alesina and Fuchs-Schündeln \(2007\)](#), who also argue that East Germans, who lived under a system of central

planning for many years, favor state intervention more than do West Germans for two reasons. First, East Germans are used to it. Second, they believe in the state and think that their life is determined by socioeconomic conditions. Because of the influence of communism (politico-economic system), those people are used to thinking “that it is “society’s fault” if people are poor, unemployed, or in need of help. It is argued that if the individual is not responsible, but society is, then society, e.g., the state should take care of these problems” (Alesina & Fuchs-Schündeln, 2007, p. 1523). Similarly, Corneo (2001) and Corneo and Grüner (2002) indicate that, compared to people in market-based economies, individuals who grew up in a communist country, such as in East Germany, Hungary, Poland, and Russia, express a strong preference for the state provision of goods and services.

Other studies examine this phenomenon across different countries. Shiller et al. (1992) conduct a questionnaire survey in five countries (e.g., Russia, Ukraine, Germany, the US, and Japan) to explore people’s attitudes toward markets and the extent of importance they attach to income equality. Shiller et al. (1992) document that people from ex-communist economies, such as Russia and Ukraine, are less willing to invest in skills related to the market economy and prefer that the government take control. One main reason for this response is situational, not attitudinal, because situational problems are full of cumbersome rules and regulations, to which people have to adhere even if they are ambitious or not of greater timidity. This situational effect is consistent with the findings of Denisova et al. (2010), and Runst (2014). They show that institutional arrangements with low social capital and high corruption result in high support for state intervention and redistribution in transition economies.

The overwhelming majority of studies, throughout post-communist Europe, have focused on the long-lasting effects of the formerly socialist regimes on individuals’ values and attitudes. These studies highlight that people who have longer exposure to communist institutions have low autonomy and mastery values, and express a strong preference for government control in terms of intervention and redistribution. However, the findings on individuals’ psychological characteristics, risk-taking, are mixed. Sztompka (1996) indicates that individuals with a socialist legacy are more fear of failure compared to people with less communist experience, whereas Heineck and Süßmuth (2013) believe that East Germans are more willing than West Germans to take risks. Another mixed finding is in the relationship between education and government intervention. Finifter and Mickiewicz (1992) find that college-educated Russians still favor state support, whereas Miller et al. (1994) point out that better-educated and post-socialist Russians are less in favor of government intervention in terms of social well-being. Other studies also document that the older, the less educated, the poor, and women prefer state intervention (e.g., pensions, health care) (Habibov, 2013; Hayo, 2004; Ravallion & Lokshin, 2000), which is in strong contrast to Finifter and Mickiewicz (1992).

In summary, previously published studies clearly show that a significant transition from a centrally planned economy to a market economy left a legacy of “civilizational incompetence” due to the impact of a “bloc culture” (Alesina & Fuchs-Schündeln, 2007; Frese et al., 1996; Sztompka, 1996). The long memories of communism lead individuals to prefer that the state provide education, health care, housing, and jobs. People with long experience under socialist rule prefer collectivism to individualism (Schwartz & Bardi, 1997). They place low importance on autonomy and master values, whereas conformity value is high on their list of priorities. This topic has been investigated in most transitional economies in Central and Eastern Europe, as well as in China. Few studies focus on other transition countries, such as Armenia, Serbia, Cuba, Vietnam, and Cambodia. It would be interesting to examine which socialist heritage (e.g., formal or informal institutional legacy) persists today to a greater degree, and how much of the long-lasting effect of socialist legacy still influences individuals’ values and attitudes in those countries. Moreover, how the remnants of the communist legacy change over the course of the transition (e.g., from an early transitional stage to a mature stage) that need to be tested. Last, the existing studies have mixed findings on individuals’ psychological characteristics, for example, risk-taking, and the linkage between education and the state support in transition economies, thus further research could be done to confirm these mixed results.

Literature with the effect of socialism on individuals’ attitudes toward entrepreneurship

In studies of entrepreneurship, researchers have focused on the determinants of individuals’ opinions on or attitude toward entrepreneurship. Many studies consider the relationship between socio-demographic characteristics (e.g., gender, education, experience) and attitudes toward entrepreneurship (Davidsson, 1995; Hattab, 2014; Johansen et al., 2013; Kolvereid, 1996b; Peterman & Kennedy, 2003; Volkmann & Tokarski, 2009). They find that human capital, including knowledge and experience, are strongly related to individuals’ attitudes toward entrepreneurship (Krueger, 1993; Peterman & Kennedy, 2003). Other studies investigate the influence of role models (e.g., parental self-employment, knowing entrepreneurs or university professors) on students’ views on entrepreneurship and find a significant association between these mechanism effects (Volkmann & Tokarski, 2009). Nevertheless, it is somewhat surprising that only a few empirical studies have been conducted on the impact of socialism on individuals’ attitudes toward entrepreneurship (see Table 2.7).

Table 2.7: Literature on the effects of socialism on individuals' views on entrepreneurship.

| Author (s) | Content | Method/ Source | Country (ies) | Findings |
|---|---|---|-----------------------|---|
| Characteristics of socialism analyzed: Informal institution effects: | | | | |
| Social norms and values: human capital and social capital | | | | |
| Adam-Müller et al. (2015) | Effect of the socialist legacy on individuals' attitudes toward entrepreneurship. | Quantitative/ Flash Eurobarometer (FE) | 30 European countries | Individuals with socialist history have more negative attitudes toward entrepreneurship. This effect is weaker among individuals with younger, better educated, and having parental self-employment. |
| Mueller and Thomas (2001) | The relationship between culture and personal's traits with regard to entrepreneurship potential. | Quantitative/ Survey | 15 countries | Students in individualistic cultures are more likelihood of an increase in an internal locus of control orientation, which is positively associated with entrepreneurial orientation. |
| Mueller et al. (2002) | Role of culture, economic development, and political history. | Quantitative/ Survey | 17 countries | Individuals in masculine cultures and democratic rules have more positive perception of startups. |
| Glinka and Thatchenkery (2013) | The effect of cultural values on students' attitudes towards entrepreneurship in India, Poland, and the US. | Qualitative/ interviews | 3 countries | Most Polish students have a negative perception of entrepreneurship. |

Applying a multi-level regression analysis, [Adam-Müller et al. \(2015\)](#) examine the nexus of socialist heritage with individuals' opinions on entrepreneurs at the individual and country-level based on secondary data (Flash Eurobarometer – FE). They report that respondents who are exposed to socialism have a more negative view of entrepreneurship than those in countries without a history of socialism. Education, having a self-employed parent, and age, however, moderate this effect. That means that the attitude toward entrepreneurship is more positive among individuals who are younger, have more education, and have self-employed parents.

[Mueller et al. \(2002\)](#) apply [Hofstede \(1980\)](#)'s cultural dimension in analyzing entrepreneurial potential among students across countries, in which entrepreneurial potential is defined as having a perception of new venture opportunities. They also test the relationship between entrepreneurial potential and political and economic history through democracy and the history of free markets, which are measured using dummy variables. [Mueller et al. \(2002\)](#) point out that students who have lived longer under democratic rule have more positive perceptions of opportunities for the creation of new ventures. A similar study is carried out by [Mueller and Thomas \(2001\)](#), who briefly analyze the effect of culture as macro-contextual factors on students' values, attitudes, and beliefs, which, in turn, form their intention to become entrepreneurs. They find that individualism and low uncertainty avoidance

emphasize personal independence and self-confidence, which are associated with a high internal locus of control, in which cultures with individualism and low uncertainty avoidance foster stronger entrepreneurial values than those with collectivism and high uncertainty avoidance.

In conclusion, the literature on the effect of a socialist heritage on individuals' attitudes toward entrepreneurship is thin. [Adam-Müller et al. \(2015\)](#) and [Mueller and Thomas \(2001\)](#) indicate that a negative opinion of entrepreneurship activity is stronger among people who have lived under socialism than among those without this experience, measuring this socialist experience with a dummy variable: the socialist history of a country. However, this measurement is rather simple and might not be suitable for a country with a complex history such as Vietnam. Therefore, further studies focusing on Vietnam might have more interesting findings. In addition, how the persistence of the political system or education system in formerly socialist countries affects people's perception of entrepreneurship can also be a topic that is little studied. Furthermore, the political-socioeconomic changes from one stage to the next in transition economies lead to differences in (potential) entrepreneurs' strategies and characteristics ([Estrin et al., 2006](#)). Thus, how individuals' views on entrepreneurship shift over the transition period would be an interesting topic for further direction.

Literature review with the effect of socialism on entrepreneurship activity

Entrepreneurship is recognized as a major driving force for innovation and growth in any economy because of its contributions to society, such as job creation, healthy competition, technological innovation and economic growth ([Baumol, 2002](#); [Schumpeter, 1934](#); [Wennekers & Thurik, 1999](#)). Well-documented evidence indicates that entrepreneurial development is nearly blocked in planned economies but dramatically develops after a transformation to a market economy ([van Stel & Cieslik, 2014](#); [Welter, 2006](#); [Wyrwich, 2013a](#)). This disparity is due to the different social and historical contexts – differences that are evident in social values and behavioral norms, specific rules, laws, and constitutions in the two types of systems ([Aidis et al., 2008](#); [Bruton et al., 2010](#); [Estrin & Mickiewicz, 2011](#); [Welter, 2011](#)).

Institutional frameworks are seen as exogenous factors that influence people's intentions and actions as well as entrepreneurship. For example, [North \(1990\)](#) explains the important role of institutional arrangements in shaping human interaction, as well as how, over long periods, institutions change economic performance. More recently, [Welter \(2011\)](#) illustrates the profound effect of context on entrepreneurship development, including institutional and social settings. Welter stresses that institutional and social conditions, which can be as assets and liabilities, give individuals entrepreneurship opportunities but also create potential barriers.

Additionally, [Baumol \(1990\)](#) argues that the historical context matters for entrepreneurship. His call to action is answered by numerous researchers, who have studied the effects of having a socialist legacy on the shaping of individuals' values and attitudes, intentions, and behaviors, including entrepreneurship ([Fritsch et al., 2014](#); [Alesina & Fuchs-Schündeln, 2007](#); [Sztompka, 1996](#); [Wyrwich et al., 2016](#)). For instance, the collapse of the Soviet Union led to an explosion in entrepreneurship ([Peng, 2001](#)). Central and Eastern Europe offers a unique environment for investigating the effect of a socialist heritage on entrepreneurship ([Meyer & Peng, 2005](#)). Post-socialist East and West Germany form an intriguing real-world setting for analyzing the differences in entrepreneurship ([Wyrwich, 2013a](#)).

Both formal and informal institutional conditions play a crucial role in shaping individuals' attitudes and economic behavior ([Baumol, 1996](#); [Bruton et al., 2010](#); [North, 1990](#); [Welter, 2011](#)). The former communist regime existed in transition economies, which switched functional and operational mechanisms from a state-controlled economy to a market-based economy ([Kriauciunas & Kale, 2006](#)). The formerly socialist framework leaves a "bloc culture" legacy, which is not conducive to entrepreneurship ([Estrin & Mickiewicz, 2011](#); [Wyrwich, 2013a](#)). Table 2.8 lists the growing scholarship on the effects of socialism on entrepreneurial activity by formal and informal institutions at the individual level.

Table 2.8: Literature on the effects of socialism on entrepreneurship activity.

| Author (s) | Content | Method/ Source | Country (ies) | Findings |
|--|---|----------------------------|-------------------------------------|---|
| Characteristics of socialism analyzed: Formal and informal institution effects: | | | | |
| Ageev et al. (1995) | Entrepreneurship in the Soviet Union and post-socialist Russia. | Qualitative/ Interviews | Russia | Entrepreneurship activity in Russia has been strongly affected by socioeconomic heritage. |
| Baumol (1990) | Entrepreneurship: productive, unproductive, and destructive. | Model-based approach | Rome, China, and European countries | Historical context matters for entrepreneurship activity. |
| Bruton et al. (2010) | Institutional theory and entrepreneurship. | Conceptual model | - | Social context has a significant impact on entrepreneurship. |
| Kshetri (2009) | Entrepreneurship in post-socialist economies. | Reviewing | Literature review | Both formal and informal institutions significantly affect entrepreneurship activity in post-socialist countries. |
| Puffer et al. (2010) | Entrepreneurship in China and Russia: the impact of formal institutional voids. | Context analysis | China, and Russia | Both formal and informal institutions influence entrepreneurship activity in Russia and China. |
| Smallbone and Welter (2001) | The distinctiveness of entrepreneurship in transition economies. | Qualitative/ Interviews | Eastern European countries | The social context inherited from the former socialist regime has a strong impact on individuals' attitudes towards and behaviors of entrepreneurship, and society's opinion on entrepreneurship. |
| Smallbone and Welter (2006) | Conceptualizing entrepreneurship in a transition context. | Qualitative/ a review | Literature review | The transition context opens not only opportunities but also challenges for entrepreneurs. |

Table 2.8: Literature on the effects of socialism on entrepreneurship activity (continued).

| Author (s) | Content | Method/ Source | Country (ies) | Findings |
|------------------------------------|---|--------------------------------------|--|---|
| Smallbone and Welter (2012) | Entrepreneurship development under institutional changes in transition economies. | Reviewing | Central-Eastern Europe, and China | Institutional deficiencies in the former Soviet Union hamper the development of entrepreneurship. |
| Welter (2011) | Contextualizing entrepreneurship-conceptual challenges and ways forward. | Context analysis | - | Contexts, particularly historical and social contexts, play an important role in entrepreneurship. |
| Williams and Vorley (2015) | Effects of formal and informal institutions on entrepreneurship in Bulgaria. | Qualitative/ Interview | Bulgaria | Formal and informal institutions as cultural factors (norms and values) remain averse to entrepreneurship activity in Bulgaria. |
| Szerb and Trumbull (2016) | The development of entrepreneurship in transition economies. | Quantitative/ GEDI, GEM | 29 countries | The perception of entrepreneurial opportunity is weak among individuals in former socialist countries. |
| Batsakis (2014) | Determinants of individual entrepreneurship in post-socialist countries. | Quantitative/ Flash Eurobarometer | 8 European countries | Limited financial resources, longer startup procedures, tax rates, and risk aversion are positively associated with entrepreneurship. |
| Karpinska et al. (2012) | Self-employment in post-socialist economies. | Quantitative ISJP, GGS | Bulgaria, Russia, Estonia, and Hungary | High corruption in post-communist countries hinders self-employment. Human capital is not a more important predictor for self-employed. |
| Aidis et al. (2007) | Effects of socialist heritage on female entrepreneurship in transition economies. | Quantitative/ Survey | Lithuania, and Ukraine | Taxation is the main barrier to entrepreneurship activity. Women's entrepreneurial activities are lower in Lithuania rather than in Ukraine. |
| Lajqi and Krasniqi (2017) | The role of institutional quality, human capital, and social network on entrepreneurship. | Quantitative/ Survey | Kosovo | Formal institution hampers entrepreneurship activity, whereas social capital (e.g., networks, trust) positively influence entrepreneurship aspirations. |
| Gerber (2001) | Effects of regional on self-employment among Russians. | Quantitative/ SEIAR | Russia | Law enforcement, labor market position, human capital, and gender positively affect self-employed, whereas economic policies do not have influences on entrepreneurship. |
| Earle and Sakova (2000) | Business startups or disguised unemployment in transition economies. | Quantitative/ Survey | 6 European countries | Family background, parents' education, and ownership are strongly associated with the probability of being employers. There is no evidence for the positive relationship between political connection and self-employment. |
| Li et al. (2006) | Effects of market environment on participating in politics. | Quantitative/ Nationwide survey | China | Chinese entrepreneurs are more likely to participate in politics due to the underdeveloped marketplace. |
| Lu and Tao (2010) | Determinants of entrepreneurial activities in transition economies. | Quantitative/ Nationwide survey | China | Individuals who are in state-ownership, a member of the Communist Party, older, and risk aversion are less likely to become entrepreneurs. |
| Formal institution effects: | | | | |
| Aidis et al. (2008) | Effects of weak institutional environment on startup development. | Quantitative/ GEM | 30 countries | Entrepreneurship activity is weaker in former socialist countries compared to others. |

Table 2.8: Literature on the effects of socialism on entrepreneurship activity (continued).

| Author (s) | Content | Method/ Source | Country (ies) | Findings |
|---|--|----------------------------|-----------------------|---|
| Aidis et al. (2010) | Effects of formal institutions on self-employment in transition economies. | Quantitative/ GEM | 31 countries | Property rights protection and financial capital are dominant factors hindering entrepreneurship activity in former socialist countries. |
| Aidis and Mickiewicz (2006) | Business environment and small-medium sized enterprises (SMEs) owners' expectations. | Quantitative/ Survey | Lithuania | Corruption is the main factor in reducing self-employed development. No evidence for the negative effect of finance and taxation on startup activity. |
| Barkhatova (2000) | Effects of legal on Russian small business. | Qualitative/ Interviews | Russia | A high corruption damages entrepreneurship growth in the Russian transitioning process. |
| Pathak et al. (2015) | Effects of corruption on entrepreneurship in transition economies. | Quantitative/ GEM | 12 European economies | Corruption hinders self-employment, but in less corrupt contexts, self-efficacy, fear of failure, and opportunity recognition may be more important determinants of startups. |
| Batjargal and Liu (2004) | Effects of entrepreneurs' social capital on venture capitalists' investment decisions. | Quantitative/ Survey | China | There is a positive effect of entrepreneurs' social capital on investment decisions of venture capitalists in China. |
| Yukhanaev et al. (2015) | Effects of formal institutions on entrepreneurship, and SMEs growth in Russia. | Qualitative/ Interview | Russia | Political, economic, and regulatory barriers hinder entrepreneurship in Russia. |
| <u>Informal institution effects:</u> | | | | |
| Conduct of society | | | | |
| Fritsch (2004) | The differences in entrepreneurship in East and West Germany. | Quantitative/ GSIS, FLO | Germany | The former socialist planning still persists and has a significant negative effect on entrepreneurship activity in East Germany. |
| Lau and Buse-nitz (2001) | Effect of social context, personal factors on Chinese entrepreneurs' growth intentions. | Quantitative/ Survey | China | Social context and market conditions significantly affect entrepreneurial intentions, whereas social networks and business experiences are insignificant. |
| Lechner and Pfeiffer (1993) | Effect of socialist heritage on being self-employment among East Germans at the beginning of a market economy. | Quantitative/ SOEP | Germany | Capital market and institutional restrictions hinder East Germans' willingness to become entrepreneurs. Work experience under the socialist regime does not have any impacts on being self-employed. |
| Codes of behavior | | | | |
| Iakovleva and Solesvik (2014) | Entrepreneurial intentions in post-Soviet economies. | Quantitative/ Survey | Russia and Ukraine | Personal initiative taking does not affect respondents' entrepreneurship intentions in Russia and Ukraine. |
| Social norms and values: human capital and social capital | | | | |
| Bauernschuster et al. (2012) | Effects of the former socialist regime on self-reliance and startups. | Quantitative/ GGSS | Germany | Individuals with socialist history have a lack of self-reliance that hinders their entrepreneurial spirit. |
| Runst (2013) | Post-socialist culture and entrepreneurship. | Quantitative/ GSOEP | Germany | Individuals with a lower locus of control, and preferring to state action are less likely to open a new firm. |

Table 2.8: Literature on the effects of socialism on entrepreneurship activity (continued).

| Author (s) | Content | Method/ Source | Country (ies) | Findings |
|----------------------------|---|----------------------------------|-------------------|--|
| Busenitz and Lau (1996) | Effects of culture on entrepreneurial intention. | Conceptual model | China, and the US | Individuals with higher uncertainty avoidance and collectivistic values are less in favor of engaging in startups. |
| Holt (1997) | Effects of culture on Chinese entrepreneurs' values. | Quantitative/ Survey | China and the US | Chinese entrepreneurs' individualism values are not different from US entrepreneurs'. |
| Shook and Bratianu (2010) | Entrepreneurship intention in a transition economy: the case study from Romanian students. | Quantitative/ Survey | Romania | Self-efficacy and desirability are significantly associated with entrepreneurial intentions, whereas subjective norms are not positively related to startups' intentions. |
| Solesvik et al. (2012) | Entrepreneurship intentions among students in the Ukrainian context. | Quantitative/ Survey | Ukraine | There is a positive effect of Ukraine students' perceived desirability and feasibility on their startups' intentions. |
| Aidis and Van Praag (2007) | Illegal entrepreneurship experience and business performance, and motivation. | Quantitative/ Survey | Lithuania | Business experience under socialism is significantly and positively associated with business motivation, especially among younger entrepreneurs. |
| Fritsch et al. (2014) | Effects of the socialist legacy on entrepreneurship activity. | Quantitative/ GSOEP | Germany | Skills and work experience under socialism have a negative effect on entrepreneurial propensity among older and better-educated East Germans. |
| Wyrwich (2013a) | Effects of the socioeconomic heritage on entrepreneurship among individuals in East and West Germany. | Quantitative/ GSOEP | Germany | Older East Germans are less likely to engage in entrepreneurship activity. The effects of work experience on being self-employed are weaker for older East Germans. |
| Tan (2001) | Innovation and risk-taking of entrepreneurs and managers in the Chinese transitional economy. | Quantitative/ Survey | China | Chinese entrepreneurs are more innovative and risk-taking than are Chinese managers. |
| Tyszka et al. (2011) | Effects of socialist heritage on entrepreneurs' motivation, self-efficacy, and risk attitudes. | Quantitative/ Survey | Poland | Job security is the most important motivation among entrepreneurs. Opportunity-entrepreneurs have a higher level of self-confidence compared to employees, and there are no differences in risk-prone between them. |
| Djankov et al. (2006) | Entrepreneurship in China and Russia compared. | Quantitative/ Survey | China and Russia | Chinese entrepreneurs are more risk-taking, whereas Russian entrepreneurs are more educated. Russian entrepreneurs' parents are more likely to participate in politics compared to Chinese'. |
| Chen et al. (2008) | Political connections and entrepreneurship in China. | Quantitative/ National survey | China | Chinese entrepreneurs who are older and from larger enterprises are more likely to become a member of the Communist Party. |
| Egri and Ralston (2004) | Effects of culture on Chinese value orientation. | Quantitative/ Survey | China | Chinese people are more open to change, self-enhancing, but less conservative and self-transcendent. |

Table 2.8: Literature on the effects of socialism on entrepreneurship activity (continued).

| Author (s) | Content | Method/ Source | Country (ies) | Findings |
|------------------------------|---|-------------------------------|---------------------------|---|
| McGrath et al. (1992) | Effects of socialist culture on entrepreneurs' values. | Quantitative/ Survey | China, Taiwan, and the US | The socialist ideology still persists and has a significant impact on Chinese entrepreneurs. |
| Tan (2002) | The different effects of cultural and national factors on Chinese entrepreneurs' strategic orientations. | Quantitative/ Survey | China | The Chinese national factors have a stronger positive effect on entrepreneurs' behaviors and strategies in comparison with cultural factors. |
| Welter (2006) | Entrepreneurship in East and West Germany. | Quantitative/ Micro census | Germany | Entrepreneurship activity in East Germany is lower compared to in West Germany. |
| Fritsch and Rusakova (2012) | Effects of the socialist legacy on intergenerational transmission of entrepreneurial values among German individuals. | Quantitative/ GSOEP | Germany | The socialist heritage significantly hinders the mechanism of intergenerational transmission of entrepreneurial attitudes among East Germans. The positive effect of self-employed parents is strong for less-educated individuals. |
| Wyrwich (2015) | The intergenerational transmission of entrepreneurial values under transitioning economies. | Quantitative/ BHP | Germany | Children of parents, who are self-employed in the socialist context, put much more emphasis on challenging existing conditions than do children of non-entrepreneurs. |
| Robert and Bukodi (2000) | Self-employment before, under, and after the former communist regime. | Quantitative/ HCSO | Hungary | Human capital (education and parental self-employed) have a positive influence on being self-employed. |
| Lafuente and Vaillant (2013) | Role models and entrepreneurship activity in transition economies. | Quantitative/ CEBR | Romania | The positive effect of role models on being an entrepreneur is weaker for older people than for younger individuals. |
| Wyrwich et al. (2016) | Effects of historical context on regional entrepreneurship activity under analyzing fear of failure and role models. | Quantitative/ GEM | Germany | A negative effect of knowing an entrepreneur on fear of failure is stronger for West Germans rather than for East Germans, especially older people. |
| Fritsch and Wyrwich (2014) | The enduring effect of the socialist legacy on regional levels of entrepreneurship activity. | Quantitative/ GSIS | Germany | The socialist heritage still persists and has a negative effect on regional entrepreneurship in East Germany. |
| Wyrwich (2012) | The effects of regional socialist heritage on entrepreneurship. | Quantitative/ GDRS | Germany | The regional culture of entrepreneurship still endures and hinders the self-employment activity in East Germany. |
| Williams et al. (2017) | Corruption and entrepreneurship in transition economies. | Qualitative/ Interview | Montenegro | Corruption can be viewed as a cultural hindrance that hampers entrepreneurship development. |
| Pals and Tuma (2004) | Entrepreneurial activities in five former Soviet Union countries. | Quantitative/ PG | 5 European countries | Younger individuals with a higher locus of control are more likely to engage in entrepreneurship activities. |

Transition economies have been driven by legal and economic reforms to encourage the development of a private sector and to promote startups and innovation. These reforms also minimize state

power and reduce government intervention in the economy (Park et al., 2006; Truong, 2013). However, these transformation processes inevitably face problems due to the remnants of the former socialist regime. For example, formal institutional frameworks (e.g., cumbersome rules and regulations, high corruption, restricted property rights, and limited financial capital) and informal institutions (e.g., norms, customs, social conventions, and conduct of society) remain and hamper entrepreneurial aspirations (Aidis et al., 2008; Bauernschuster et al., 2010; Fritsch et al., 2014; Runst, 2013; Wyrwich, 2013a, 2013b).

As mentioned in Section 2.1, economic and political reforms in transition economies create barriers to the development of entrepreneurship because of insufficient institutional arrangements in a command economy, such as corruption and complicated rules and laws (Aidis & Mickiewicz, 2006; Aidis et al., 2007; Puffer et al., 2010; Welter, 2011; Williams & Vorley, 2015). For instance, Aidis et al. (2008) employ a GEM database in 2001 and 2002 in analyzing the effect of formal institutions on entrepreneurship development in Russia and compare entrepreneurship activity in Russia to that in other countries. According to Aidis et al. (2008), in centrally planned economies such as that of the Soviet Union, formal institutions are viewed weak, and the discretionary power of officials leads to corruption.

Corruption is considered a tax or unofficial costs that create serious damage for entrepreneurship activities if these unofficial payments are higher than the profit generated by the company (Aidis et al., 2012; Estrin & Mickiewicz, 2011). This problem is the primary reason for the lower rate of self-employment in Russia than in other countries. Using the same GEM dataset as Aidis et al. (2008) for 2001, Aidis and Estrin (2006) explore how institutional environments (e.g., high corruption and weak rule of law) affect startup activities in Russia and point out that the level of firm entry is low. They argue that weak institutions with high corruption and complicated rules are detrimental factors that influence the low level of entrepreneurship in Russia.

Ageev et al. (1995) use interview data to focus on entrepreneurship in the Soviet Union and post-socialist Russia. The authors document that entrepreneurs' business activities are strongly affected by Russia's historical heritage, such as having weak rules and regulations. They also suggest that developing business will require improving legal institutions. The conclusions drawn by Ageev et al. (1995) are consistent with those of Smallbone and Welter (2001) on entrepreneurship in transition economies. Also, Smallbone and Welter (2001) carry out face-to-face interviews with entrepreneurs/managers and show that self-employment is profoundly influenced by historical and social contexts inherited from the socialist period. Applying the same interview approach as Ageev et al. (1995), Smallbone and Welter (2001), however, focus on how legal and administrative conditions influence self-employment activity. Barkhatova (2000) notes that unfavorable environments such as that of

Russia, with complex rules and regulations, and complicated and time-consuming business procedures, which leads people to pay fees to “grease the machine” in order to smoothen the business process. That significantly influences entrepreneurs’ willingness to enter new markets (Barkhatova, 2000; McMillan & Woodruff, 2002).

Cumbersome rules and regulations may be related to corruption. Given that communist planning pertains to weak rule of law than developed countries (Estrin & Mickiewicz, 2011). Under new, unstable rules and regulations, potential risks can arise as firms can encounter unpredicted threats in doing business. Thus, the burdensome legal institutions do not facilitate business started by entrepreneurs. The more often regulatory policies are reformed, the more entrepreneurial activity declines (Aidis et al., 2012). In addition, limited property rights coupled with corruption issues demotivate the creation of new ventures (Estrin & Mickiewicz, 2011). Applying institutional theory to entrepreneurship by analyzing private property as a formal institution in Russia and China, Puffer et al. (2010) stress that the weakness of property rights in Russia hinders entrepreneurship activity. Limited property rights also hamper the survival of new ventures in the Chinese environment. Using data from the GEM project in 2001-2005, Aidis et al. (2010) test the influence of formal institutions on self-employment in transition economies and find that insecurity in the protection of property rights is one of the leading obstacles to entrepreneurship in these countries.

Furthermore, limited financial sources, as well as limited access to external finance, is one of the most dominant barriers to entrepreneurship under the socioeconomic and political reforms in transition economies (Ageev et al., 1995; Aidis et al., 2008; Batjargal & Liu, 2004). Obviously, financial capital is a key element in new venture creation. Under socialism, private ownership does not exist, individual businesses are prohibited, and state banks focus their investments and resources on the development of SOEs. Thus, at the initial stage of economic transformation, potential entrepreneurs might face challenges in attracting venture capital because no entrepreneurship promotion programs existed under the prior regime (Aidis et al., 2008; Batsakis, 2014; Pissarides, 1999)

Aidis et al. (2007) examine how the institutional framework affects female entrepreneurship in Lithuania and Ukraine during their economic transitioning period. They demonstrate a significant negative impact of financial constraints on women’s entrepreneurial aspirations. In contrast to Aidis et al. (2007), Batsakis (2014) indicates that a lack of financial capital is positively associated with startup engagement among individuals in the eight transition economies in the European Union: the Czech Republic, Estonia, Latvia, Lithuania, Hungary, Poland, Slovenia, and Slovakia. Batsakis argues that entrepreneurial capability and endeavors are more important for opening a new firm than

institutional difficulties, as financial issues can no longer be addressed through business strategies (Aidis & Mickiewicz, 2006).

Beyond the remnants of formal institutional arrangements, informal institutional legacies, such as codes of behavior, and social norms and values that are deeply embedded in individuals' values and attitudes discourage them from starting a business (Fritsch, 2004; Fritsch et al., 2014; Hayton et al., 2002). The existing studies highlight that people who lived longer under socialism are less likely to engage in entrepreneurship (Bauernschuster et al., 2012; Runst, 2013; Wyrwich, 2013a). The main reasons for these effects are that individuals who were exposed to communism are characterized by a lower level of locus of control, autonomy, and mastery values. They possess knowledge and experience that are outdated for business activities and prefer government intervention (Schwartz & Bardi, 1997; Alesina & Fuchs-Schündeln, 2007; Sztompka, 1996). As indicated by (Schwartz & Bardi, 1997, p. 396): "Mastery values emphasize on getting ahead through active self-assertion, through changing and mastering the natural and social environment – ambitious, capability, choosing own goals, daring, independence and success." Setting one's own goals, controlling one's life, believing in one's own abilities and skills, and being independent are crucial traits for becoming an entrepreneur (Beugelsdijk & Noorderhaven, 2005; Littunen, 2000; Mueller & Thomas, 2001). Autonomy values refer to protecting and pursuing one's own ideas, rights, and directions in life (Schwartz & Bardi, 1997). Individuals who are willing to engage in entrepreneurship often possess autonomous characteristics (e.g., creative, curious, broad-minded) (Rauch & Frese, 2007).

Bauernschuster et al. (2010) test the effect of informal work in terms of an internal locus of control on entrepreneurial activity in formerly socialist economies. They show that social norms and values related to competition and self-reliance that developed under a centrally planned economy persisted in Germany after its reunification. They argue that among East Germans, those norms and values negatively affect entrepreneurial aspirations. Runst (2013) finds that the locus of control and preference for state action, which individuals learned under socialism, are negatively associated with creating a new firm. This finding explains why the propensity toward self-employment in East Germany is at a relatively lower level compared to those in West Germany. Shook and Bratianu (2010), Estrin and Mickiewicz (2011), Fritsch and Rusakova (2012), Wyrwich (2013b) and Fritsch et al. (2014) demonstrate that norms and values that harm entrepreneurship activity and were shaped under a socialist regime change much more slowly than formal institutions.

Human capital, including knowledge and experience that individuals gained under a command economy, become less useful and old-fashioned in the market place because this knowledge consists of indoctrination in anti-entrepreneurship, and this experience pertains to state-owned manufactures (Fritsch, 2004). In analyzing how this knowledge and experience affect entrepreneurship activity

among German individuals, [Wyrwich \(2013a\)](#) uses secondary data from the German Socio-Economic Panel to study this relation. His finding provides empirical evidence that among East Germans (e.g., older people), work experience is less positively associated with entrepreneurial activity. Wyrwich explains that the socialist heritage comprises the persistence of certain norms and values, the depreciation of human capital (e.g., labor market experience), outdated technology, and inferior management principles. This informal heritage is the primary reason that people, particularly older East Germans, commit to entrepreneurship only reluctantly. The findings of [Wyrwich \(2013a\)](#) are consistent with the suggestions of [Fritsch et al. \(2014\)](#), who report that the skills and work experience that East Germans acquired under the centrally planned economy have a negative effect on their propensity to engage in entrepreneurship. This effect is stronger among people who are older and better-educated ([Fritsch et al., 2014](#)).

However, [Aidis and Van Praag \(2007\)](#) provide a strong contrast to the arguments of [Wyrwich \(2013a\)](#), and [Fritsch et al. \(2014\)](#). They conduct a survey of 399 private business owners in Lithuania. [Aidis and Van Praag \(2007\)](#) argue that prior business experience acquired in the black environment has a positive influence on the growth of entrepreneurs' own businesses. The gray market entrepreneurship experience, as well as previous business experience in an illegal enterprise, provides a valuable resource for businesses in the legal market ([Aidis & Van Praag, 2007](#)). In contrast, [Lechner and Pfeiffer \(1993\)](#) reveal that work experience attained in the command economy does not affect East German workers' own business decisions in the market economy. [Lau and Busenitz \(2001\)](#) also find an insignificant impact of business experience on the growth intentions of entrepreneurs in the Chinese transition context.

Another aspect of informal institutions under a former socialist regime that hinders entrepreneurial activity is the effect of government intervention. That is, government intervention in economic operations also creates many obstacles to entrepreneurship because of unfair government treatment of private firms. For example, SOEs receive first priority in venture capital for reinvestment, as well as broader business, even though products of SOEs are of lower quality and use outdated technology ([Webster & Taussig, 1999](#)). This treatment makes the business environment less competitive and less interesting and dampens potential entrepreneurs' willingness to enter new markets. Another negative side effect of state intervention is the attribution of responsibility for SOEs' failures and mistakes in business. Because SOEs enjoy greater government protection, they might not be responsible for their own survival, which can reduce ambition and the desire to strive for innovation and growth. The acceptance of government intervention appears to show a preference for security or a fear of failure, which is a stumbling block to entrepreneurship ([Estrin & Mickiewicz, 2011](#)).

Contrary to arguments mentioned earlier, [Chen et al. \(2008\)](#) provide empirical evidence that contexts within an inadequate legal system and unfair state treatments persist in communities with lively entrepreneurship – a phenomenon explained by the entrepreneurs' relationships with government officials ([Chen et al., 2008](#); [Li et al., 2006](#)). People's political connections can offer two critical benefits: access to information sources as entrepreneurial opportunities and the protection of property rights in the business environment. In these settings, the state controls economic and political strategies, and politically-connected people might be the first considered and able to exploit business opportunities. For instance, in dealing with investment projects and cooperative relationships with international partners, the government usually recommends state-connected firms to foreign investors.

Moreover, if a new law or tax policy is forthcoming, for example, officially connected entrepreneurs might be the first to receive information about it. These information resources can help companies to reduce potential risks and long-term threats. Therefore, these benefits might be the reasons for the political connections of (potential) entrepreneurs ([Chen et al., 2008](#); [Li et al., 2006](#)). Additionally, in countries in which property rights are insufficiently defended and weak, people who are self-employed might acquire security in their property rights from having connections with state officials. When the state serves both administrative politics and players in the market, the government expropriates private property (e.g., land, equipment, and infrastructure) and put it to public use. In this case, political connections are most likely useful and necessary for entrepreneurs to protect and maintain their assets. Thus, these advantages encourage individuals, particularly entrepreneurs, to become involved in the political arena ([Li et al., 2006](#)).

Nevertheless, [Baumol \(1996\)](#) indicates that firms obtain many benefits from political connections, but on average, companies' returns might not be higher and might instead have a low payoff. In addition, [Lu and Tao \(2010\)](#) point out that an individual who is in higher public-ownership status, and a member of the Communist Party is less likely to become self-employed. A reasonable explanation is that “the opportunity costs of quitting public-ownership entities have become lower and hence lower negative effects of the public-ownership status on the entrepreneurship decision” ([Lu & Tao, 2010, p. 269](#)). Also, as indicated by [Earle and Sakova \(2000\)](#), no positive relationship is found in transition economies between self-employment and “political capital,” that is, either former or current membership in the Communist Party (e.g., Bulgaria, the Czech Republic, Hungary, Poland, Russia, and Slovakia).

In general, the effects of a socialist heritage on entrepreneurship activity indicate that people living under socialism are less likely to become self-employed because of limited financial resources, complicated rules and regulations, weak property rights, and high corruption ([Aidis et al., 2010](#); [Barkhatova, 2000](#); [Karpinska et al., 2012](#); [Pathak et al., 2015](#); [Williams et al., 2017](#)). Another side of

the negative effect of the former socialist legacy on startup activity is the endurance of informal institutions (norms, values, and conventions). Individuals who have lived mostly in a post-communist economy are fearful of business failure, prefer security to risk-taking, and strongly prefer state provision of goods and services. That leads them to be less likely to create new ventures and technological innovation (Aidis et al., 2008; Wyrwich, 2013a; Wyrwich et al., 2016).

However, other studies have contrasting findings on the effect on entrepreneurship activity of the socialist legacy in terms of human capital. For example, Aidis and Van Praag (2007) find that illegal entrepreneurship experience (e.g., management experience, work experience), which comprises unconventional human capital attained in hostile environments, is positively associated with entrepreneurs' business motivation in legal markets, whereas Wyrwich (2013a) and Fritsch et al. (2014) indicate that East Germans who have more work experience embark on less entrepreneurship activity than their West German peers. Lechner and Pfeiffer (1993) reveal that work experience that East German workers obtained in a command economy do not have any impacts on their being self-employed.

Likewise, the findings on the influence of political connections on entrepreneurship activity in a formerly socialist regime are mixed. , for instance, find that political relations hamper entrepreneurship activity, whereas Li et al. (2006) report that political connections bring benefits for Chinese entrepreneurs. Thus, further studies would be suggested to confirm these mixed findings. Also, it would be preferable to investigate which types of experience attained under socialism are positively or negatively associated with entrepreneurship activity. Additionally, an empirical study on what kind of paths to entrepreneurship exist in hostile environments during the transition process has not been yet conducted. Hence, further directions on how a formerly socialist regime affects the determination of entrepreneurship paths – for example, business takeover versus venture business startup would be tested. Furthermore, it would be interesting to examine how communist legacy affects the determinants of entrepreneurship groups: opportunity- and necessity- entrepreneurship because it is still unknown.

2.4 Summary and further research agenda

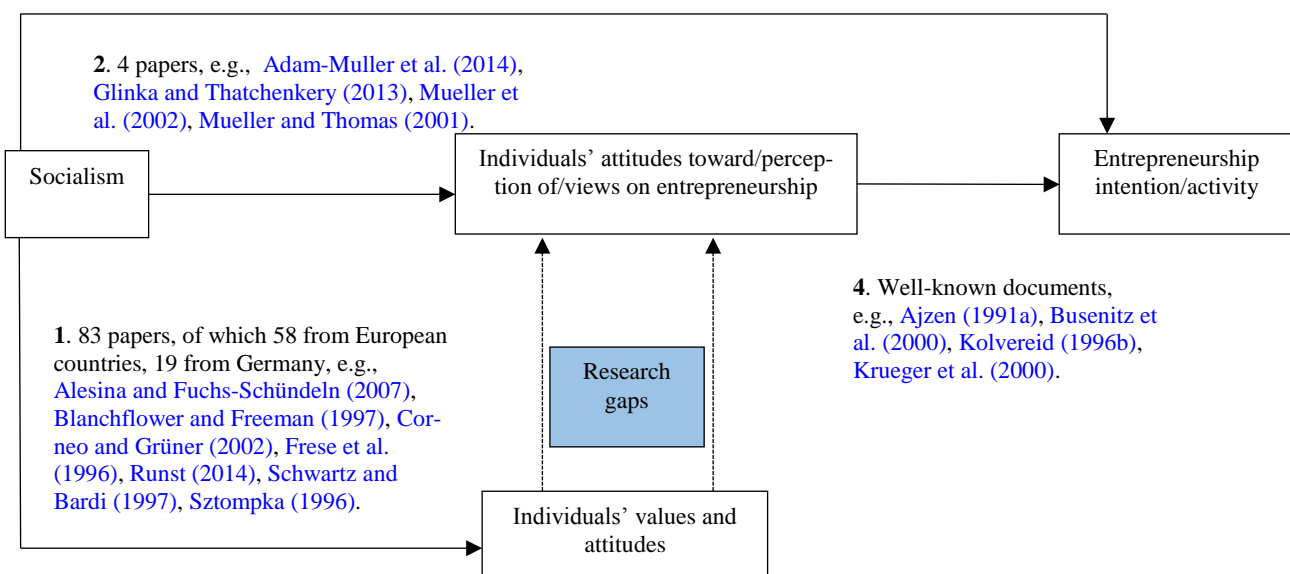
This chapter provides a brief overview of the existing studies on the effect of socialism on entrepreneurship at the individual level. As discussed in the first section of this literature review, communism is characterized by central economic planning, and in the transition countries, planned economies were transformed into market economies after the collapse of the Soviet Union around 1989. Despite the political-socioeconomic transformations in transitional economies, they had an institutional heritage that affects individuals' values and attitudes, which, in turn, influence intentions, behaviors, and

actions, including entrepreneurship (Adam-Müller et al., 2015; Alesina & Fuchs-Schündeln, 2007; Andren et al., 2005; Mueller & Thomas, 2001; Wyrwich, 2013a). Thus, this literature focuses on the effect of socialism on individuals' attitudes and values, the effect of socialism on individuals' attitudes toward entrepreneurship, and the effect of socialism on entrepreneurship activity of individuals.

Researchers have conducted individual-country and cross-country studies focusing on the effect of the socialist heritage on individuals' values and attitudes, and entrepreneurship activity but most of them look at China, Germany, and Central and Eastern European countries such as Russia. Therefore, it would be interesting to investigate this mechanism in an Asian transition economy – for example, Laos and Vietnam, in which socialist ideology still persist. Moreover, only a few studies have tested how the institutional legacy affects individuals' attitudes toward entrepreneurship. We would recommend further research on this relationship because this attitude is one of the core predictors of actual entrepreneurial behavior (Ajzen, 1991b; Krueger, 1993). Furthermore, it would be important to learn how the socialist heritage determines entrepreneurship paths – for example, starting a new firm, inheriting a (family) firm, purchasing an outside firm (a management buy-in), and purchasing the firm of one's former employer (a management buy-out) because it has not been yet examined. Figure 2.1 also summarizes our literature review and research gaps on the effect of socialism on individuals' values and attitudes, individuals' attitudes toward entrepreneurship, and entrepreneurship activity of individuals.

Figure 2.1: Literature review summary and research directions.

3. 53 papers, of which 34 articles from European countries, 12 from Germany, e.g., Aidis et al. (2008), Aidis and Estrin (2006), Estrin et al. (2006), Fritsch and Rusakova (2012), Ge et al. (2017), McMillan and Woodruff (2002), Runst (2013), Smallbone and Welter (2001), Welter (2011), Wyrwich (2013a), Wyrwich (2013b), Zhou (2014).



Source: Own illustration.

3. Vietnam background

Vietnam is located in Southeast Asia and one of the transitioning economies in the world. After more than three decades of market transformation and renovation reform in 1986, domestic entrepreneurial activities, including private startups, non-farm household businesses, family firms, cooperatives, and collective enterprises, and transformed SOEs have emerged as one of the most important driving forces in the rapid economic development of Vietnam since the late 1980s. However, Vietnam's transition process has experienced a totally different journey from other reforms in Eastern Europe and former Soviet Union countries. The state-controlled economy has replaced by a socialist-oriented market economy instead of a free market economy. The political system is still under the sole leadership of the Communist Party. Hence, this chapter provides a brief overview of Vietnam background, as well as the basic information about the main developments of the Vietnamese economy, from the war period before and after 1954 to the reunification of two political-socioeconomic systems (e.g., South Vietnam with the US and French models; North Vietnam with China and Soviet models) in 1975, the opening of the market economy through "renovation" reform in 1986, and economic situation today. Furthermore, it presents the remarkable progress in entrepreneurship development in Vietnam, the North, and the South as well.

3.1 Historical background

3.1.1 The period before 1954

Long before the current era, Vietnam was invaded by the Chinese empire. In 1859, France invaded southern Vietnam and ruled it as a colony of French Cochinchina. By 1885, 26 years later, France had gained total control over the rest of Vietnam. The French colonial powers divided Vietnam into three main regions with three distinct political-socioeconomic divisions: the North, Central, and South (Desbarats, 1987; Porter, 1993). North-northern Vietnam, called Bac Bo (Tonkin), consisted of the Red River delta and its mountainous rim. Central-central Vietnam, or Trung Bo (Annam), covered the long thin strip of the coastal line linking the North and South, widening toward some parts of the South into the Central Highlands. South-southern Vietnam, or Nam Bo (Cochinchina), overlapped with the rich Mekong delta. In Figure A3.1 (Appendix), the boundaries are thick broken lines. Accordingly, the French colony established two protectorates in the North (Tonkin) and Central (Annam), but a colony in southern Vietnam (Cochinchina). Japan occupied Vietnam in 1941 but was forced to withdraw in 1945 when it was defeated in World War II. In 1946, France sent a military force and invaded Vietnam again, though its colonization ended in 1954.

3.1.2 The characteristics of two socioeconomic systems (North and South Vietnam) after 1954

After the defeat of the French armed forces in 1954, Vietnam was split into two political-socioeconomic systems along the seventeenth parallel. In Figure A3.1 (Appendix), the boundary is a bold red line. North Vietnam was the Democratic Republic of Vietnam, with Hanoi as its capital. The communist regime, as well as the economy with central state planning, in the North, followed the Soviet and Chinese models. South Vietnam was the Republic of Vietnam, with Saigon (currently called Ho Chi Minh City) as its capital. The non-communist institutions in the South were widely supported by the United States and influenced by the prior French ruling system. Moreover, the armistice agreement with the French army in 1954 created massive flows of internal refugees among survivors of the war between North and South Vietnam. Around one million people (mainly Roman Catholics from the Red River delta) fled from North to South because of this formal truce (Desbarats, 1987; Thrift & Forbes, 1985).

During this period, North Vietnam was intensely interested in the idea of socialism. Under significant influence from Chinese and Soviet systems and assistance from them, North Vietnam launched its first “Five-Year Plan” (FYP) (1961-1965), focused on land reform as well as the collectivization of land, relocating the population, and stressing the development of heavy industry. Under

this centrally planned economy, all economic and political activities were controlled and overseen by the government. Private trade and individual businesses were prohibited. Hence, land reform primarily consisted of appropriating land from landowners and transferring to the state. These reform programs led a hundred thousand small-scale landholders in the North to flee to the South, where economic freedom had rapidly increased (Dana, 1994). In the population redistribution program, the regime leaders aimed to relocate people from the overpopulated provinces in the Red River delta to the underpopulated provinces in the delta's mountainous rim. However, these plans did not achieve their goals, only affecting a large proportion of the population in Hanoi and Haiphong (Jones, 1982). Furthermore, because Vietnam had old-fashioned technology and outdated management experience, the attempt to create domestic production in heavy industry led to low-quality products (Dana, 1994).

At the same time, South Vietnam was experienced rapid urbanization and remarkable economic development because of the effectiveness of French and US support and their aid. Furthermore, during the war period, the free-market environment in the South attracted many refugees in the North to move to southern cities, in particular, Ho Chi Minh City, because of its potential business opportunities (see Figure 3.1) (Dana, 1994; Desbarats, 1987). The population in South Vietnam increased from 9.5 million to nearly 14 million over nearly a twenty-year period (1942-1960) (Crawford, 1966). South Vietnam became the second-most-urbanized country in Southeast Asia after Singapore (Desbarats, 1987; Goodman & Franks, 1975). In addition, during the colonial period, people were allowed to open their own businesses, and capitalist trading could freely operate. As a result, the number of individual businessmen, such as landholders, shopkeepers, and retailers, in the South increased tremendously (Dana, 1994). In 1964, the United States began to send personnel to help ensure the independence of South Vietnam, however, North Vietnamese state prevailed in 1975.

3.1.3 The state-controlled economy over the ten-year period after initial reunification in 1975

After reunifying in 1975, Vietnam became the Socialist Republic of Vietnam (SRV). The political-socioeconomic system was developed based on the "Soviet model of central-planning," and absolute control, in the state as well as the economy. With this institutional system, the government focused its attention on the development of heavy industry, including the mining, petroleum, and steel industries. Setting up these industries required very large capital investment in heavy machinery and huge plants. SOEs were dominant, and the government vested in these SOEs the power to manage, control, and own all business sectors. Individual businesses and private ownership in agriculture, as well as new business ventures or technological innovation in industry, were prohibited (Andreff, 1993; Nyland, 1981), in line with the imperative goal of the SRV: the collectivization of land resources. In

the political structure, the sole leadership of the country and the power to determine national strategies are held by the Communist Party (Dana, 1994; Dinh, 1993; Truong, 2013).

With the merger and stress being placed on the achievement of the “centrally planned path” throughout the country after reunification, the SRV’s first priority was the “socialization” of the economy in the South. Vietnamese officials launched a series of campaigns to “eradicate the capitalist system” in the South, such as those in 1976-1981 to address “re-education,” “capitalist traders,” and “collectivization of the land” (Dinh, 1993). For instance, the socialist ideals were applied in education and teacher training. The capitalist ideology was widely replaced with Marxist-Leninist ideology, and “bourgeois” schools were closed (Dana, 1994). This meant that the subjects required at school included Marxist-Leninist philosophy, Marxist political economy, scientific socialism, Ho Chi Minh thought, and the history of the Vietnamese Communist Party (Doan, 2005).

Moreover, the government issued plans to nationalize all existing private firms, so all private businesses, even the smallest ones in the South, were nationalized or shut down. At that time, just a few small businessmen were allowed to retain their own business because they consented to become state employees. Others had to close and look for a new job or flee the country (Dana, 1994; Desbarats, 1987). “All of the bookstores were shut down and their inventory confiscated” (Dana, 1994, p. 96). The initial results of this campaign reported that, within three months, around 30,000 individual small businesses located in Ho Chi Minh City closed down (Desbarats, 1987). By four months after capitalist trade was banned, 95% of individual household businesses had registered for “productive work,” and 70% had already left the city to start new jobs or work in the agricultural sector (Desbarats, 1987; Nyland, 1981; Thrift & Forbes, 1985).

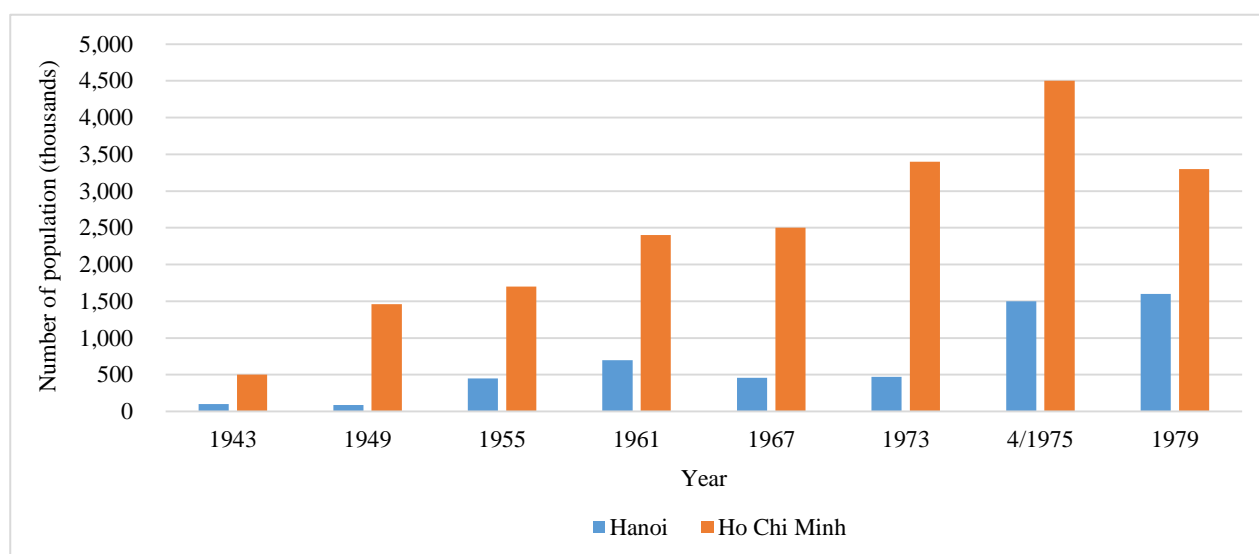
The banking system also followed the Soviet model. The State Bank of Vietnam was the sole financial institution that provided funding and venture capital for all domestic activities and investments in the country (Dinh, 1993). In particular, the state bank budget largely paid for the state’s transactions and the investment and development of SOEs. Income generated from companies or trade operations were transferred to the Ministry of Finance. Accordingly, all banks under the French colony in the South were forced to shut down, and bank accounts in them were frozen. “The South Vietnamese were told that they had 12 hours to take their cash to the banks because the South Vietnamese currency would become worthless” (Dana, 1994, p. 96).

In addition, the Vietnamese leaders focused on agricultural projects and food production, as well as self-sufficiency in food, through the land collectivization program. Hence, private ownership of agriculture by prior landholders was replaced by large state-owned farms, producer cooperatives, collective farms, and small family farms (Andreff, 1993; Dinh, 1993; Nyland, 1981). In other words,

individual landholdings were transferred to state-controlled and collectively controlled lands. A co-operative or collective farm that was a small group of people or a community was allowed to sign production contracts with the collective ownership of land and agriculture inputs (Andreff, 1993; Dinh, 1993). As a result, about 1,747 cooperatives, 16,801 agricultural production collectives, and 303 collectives in operating agricultural machinery were formed by the mid-1980s (Nyland, 1981).

Furthermore, to deal with the serious problem of excessive urbanization in southern cities, the Vietnamese state implemented a mandatory population redistribution program called the “Return to the Villages” program, which aimed to reduce the overflow of people in there, particularly in Saigon (currently called Ho Chi Minh City) (Desbarats, 1987; Nyland, 1981; Thrift & Forbes, 1985). The main goal of this program was to repatriate peasants who had fled to southern cities during the war (Desbarats, 1987; Thrift & Forbes, 1985), numbering hundreds of thousands of people who had to return to their native villages or flee from one city to another. For example, about 36,000 people left Saigon in September, and 42,000 in November 1975 (Desbarats, 1987). Figure 3.1 also shows the population movement between Hanoi and Ho Chi Minh City from 1943 to April 1975 (when the North took control over the South) and to 1979.

Figure 3.1: Population movement between Hanoi and Ho Chi Minh City 1943-1979.



Source: Thrift and Forbes (1985).

In addition to focusing on the socialization of the capitalist economy in the South, the Vietnamese government launched targeted programs, such as the second FYP (1976-1980), and the third FYP (1980-1985), which aimed to increase industrial development and food production and reduce unemployment (Dana, 1994; Dinh, 1993; Nyland, 1981). The key element of the second FYP, which continued to resettle the urban population in the South and North, was the creation of the “New Economic

Zones” (NEZs). The government also planned to redistribute the labor force regionally across the country. To achieve the goals of the FYP, Vietnamese leaders provided not only basic infrastructural development in the NEZs (e.g., schools, transport, health care, buildings, water and power supplies) but also gave the settlers there with the basics, such as food, seeds, housing materials, and amenities. At the same time, to create jobs for settlers and increase agricultural production in the NEZs, the state gave them about 500 to 2,000 square meters of land (Desbarats, 1987).

The third FYP stressed the liberalization of rural development policies through agricultural projects. The results of the previous target plans made it clear that agriculture production was insufficient for the population’s needs. NEZ dwellers suffered from a shortage of food and other goods because farmers in the NEZs had inadequate incentives for agricultural development. Because every aspect of the economy was subsidized, the government-subsidized food prices to producers, especially in agriculture, which caused serious crises in food and consumer goods. Moreover, input and output distribution, as well as quantitative controls by the state, resulted in agricultural production that was of low quality and low quantity (Dinh, 1993). To improve people’s lives and increase the domestic consumer market, the third FYP, therefore, started to encourage a family-based economy and individual initiative in agriculture, however, operations were still considered informal private activity (Andreff, 1993; Desbarats, 1987).

Additionally, the state drive for industrial development mostly focused on heavy industry, such as mining, petroleum, and steel production (Beresford, 1987; Dana, 1994). At that time, Vietnam had only two tobacco manufacturers, 11 paper firms, 14 beverage companies, 10 large textile enterprises, 3 steel companies, and 42 chemical firms (Thrift & Forbes, 1985). However, their products were inferior in quality because they used old-fashion innovation and outdated technology. On the other hand, the knowledge and skills for running and managing a business were nearly absent in this environment, which left ample room for a black market. During the period of the third FYP (1980-1985), although some small and medium-sized enterprises were allowed to operate, they were required to buy state-supplied inputs and sell their outputs to the state at low or command prices (Dana, 1994).

In addition, in the initial stage of reunification, the Vietnamese economy depended on foreign aid from the Soviet Union and the Council for Mutual Economic Assistance (CMEA) for a wide range of technology, equipment, machinery, energy, and raw materials. On average, Vietnam received USD 1.1 billion per year from the Soviet Union between 1981 and 1985, while the other number countries of CMEA gave Vietnam aid of approximately USD 500 million a year (Andreff, 1993; Dinh, 1993). Moreover, Vietnamese consumption, including oil, steel, cotton textiles, and nitrogenous fertilizers were the main aid of the Soviet Union, which supported about 90% of Vietnamese demand. Also, the

Soviet funded 60% of the investment in Vietnam from 1976 to 1980, but economic aid from the Soviet Union ceased in 1984 (Andreff, 1993).

Generally, for ten years after reunification and the adoption of the Soviet model (e.g., industrialization under central planning), Vietnam's economy fell into severe stagnation. Low quality and low-output agricultural production was a direct result of the collectivization of land. Unemployment increased because of inappropriate resettlement programs that were part of the NEZs policy (1976-1980). An estimated 450,000 people were unemployed, and about 200,000 in Ho Chi Minh City (1981), because a large number of people left the NEZs and returned to that city (Thrift & Forbes, 1985). The lack of technological innovation and creation in industry, food price subsidies and price controls, and inadequate communication and foreign markets yielded disappointing results and serious economic crises. In 1986, hyperinflation of 398.1% emerged. The economic growth rate remained, on average, 2.5% annually from 1976 to 1980 but rose to an average 7.1% a year over the period 1981-1985 (Andreff, 1993).

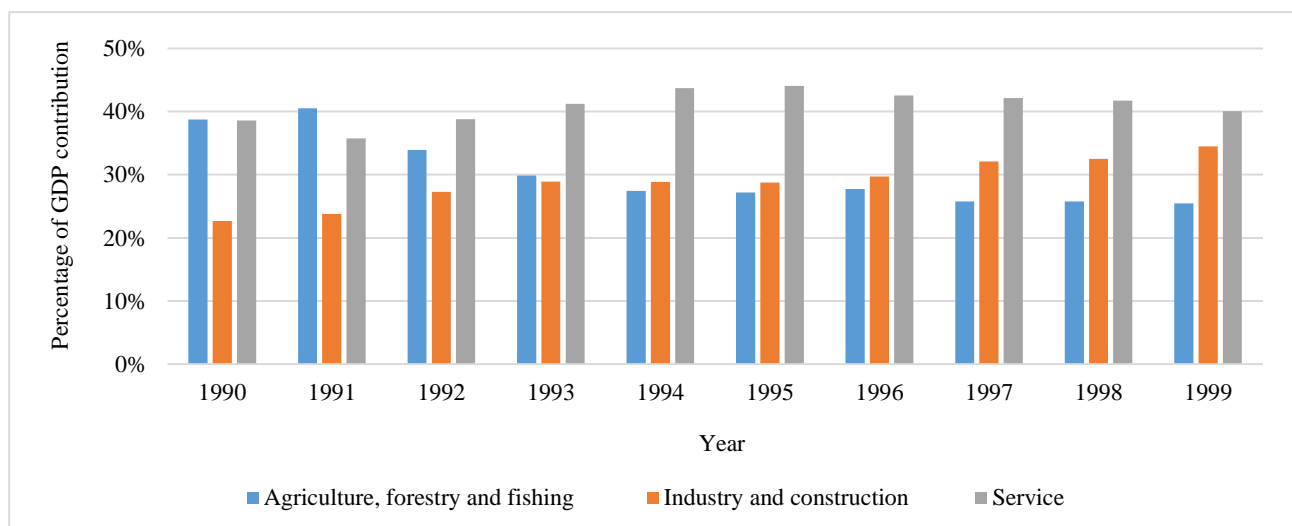
3.1.4 The “renovation” reform and the initial transformation to the socialist-oriented market economy (1986-1999)

Because of the serious economic crises and disastrous results from previous reforms and strategic plans, the Vietnamese government introduced an important reform, called “Doi moi” (renovation), in 1986. The overriding goal of this reform was to transform the state-controlled economy into a market economy. The key elements in this economic reform were to encourage the development of the private sector and to open up the economy to globalization in world trade. Officially, people were allowed to pursue their own businesses and technological innovation and, later, to sell their own output at market prices. The state was no longer directly participating in the economic arena as well as the production and distribution of consumer and agricultural goods (Dana, 1994).

In the renovation process, every subsequent policy aimed to minimize government intervention in SOEs and give individuals more freedom for their own business activities. Private business became one of the most important components of the national economy. Consequently, a series of resolutions and decrees were promulgated to ease business activity and promote entrepreneurship activity. The state also eliminated price controls and consumer price subsidies and loosened restrictions in business laws, rules, and regulations through various documents. For example, Decree No. 217, announced in December 1987, focused on commercialization and liberalization, Decree No. 10 in 1988 emphasized family-based production as a fundamental part agriculture, and Decision No. 25 in 1991 allowed enterprises to develop market-based business plans.

Many substantial changes have been made in agricultural policies. As mentioned above, in 1988, farmers were given considerable individual autonomy to make their own decisions and work on their land. The state introduced various programs to promote agricultural development, such as permitting farmers to use a parcel of land for up to 15 years (annual crops) or 50 years (perennial crops), and opening a market for their products. In addition, the government helped finance agricultural production by offering bank loans at an interest rate of 4.8% per month (Dinh, 1993). The state also invested in more public services and transportation that support the agricultural market. As a result, the transition in Vietnam was successful in raising agricultural production. In the initial period of transformation (1986), Vietnam faced near-starvation, but by 1990 it had become the third-largest rice-exporting country in the world, and agriculture, forestry, and fishing combined contributed 38.7% to the country's GDP that year, compared with industry and construction, which contributed 22.7%, and services, which contributed 38.6%, respectively (see Figure 3.2).

Figure 3.2: GDP contribution by economic sectors 1990-1999.

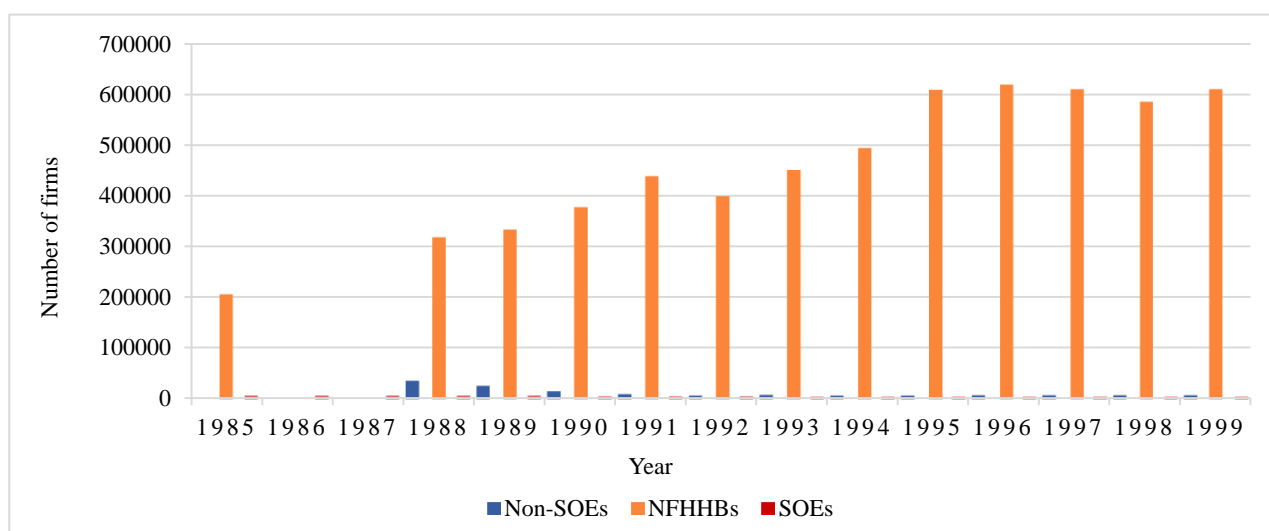


Source: GSO, 2005.

Importantly, in 1992, a program aimed at transforming SOEs into joint-stock companies (equitization) was launched to create a favorable business environment for private enterprises. The objective of this program required all SOEs involved in it to be small to medium in size and be profitable or at least potentially profitable (Loc et al., 2006). This implied that SOEs could no longer exist as “strategic enterprises.” Moreover, it gave employees the right to be the first to buy shares in these newly equitized enterprises. In this respect, equitization in Vietnam was considered partial privatization so that private individuals could be given fair opportunities to compete in developing enterprises. A one year after the implementation of the equitization scheme, the number of SOEs in industry sector fell by approximately 190 firms, from 2,247 (1992) to 2,063 enterprises in 1993 and then to 1,786

SOEs in 1999 (GSO, 2008). The number of different types of non-SOEs grew, including private companies, partnership firms, private limited liability enterprises, and joint-stock companies, thanks to the impressive reforms aimed at expanding a market-oriented economy. In addition, the number of informal businesses, as well as non-farm household businesses (NFHHBs), sharply increased after the open-door policy was initiated in 1986 (see Figure 3.3)³.

Figure 3.3: Number of industrial establishments 1985-1999.



Source: GSO, 1985-2004, Heberer (2003).

New laws and regulations on banking in 1990 focused on independent commercial banks and other financial institutions. The state central bank was divided into four state-owned commercial banks (SOCBs) – one each for foreign trade, agriculture, industry and commerce, and construction and investment – which were to be based on market principles (Andreff, 1993; Dinh, 1993). These banks gained the right to run their own operations under autonomous and independent conditions. The reforms allowed domestic investors to open private banks and participate in the financial market. Moreover, the banking system allowed diversification between ownership and participation, such as government-owned, mixed government-private, and entirely private banks. That was a good sign of a competitive financial environment and a market economy (Dinh, 1993).

³ According to the definition of the General Statistics Office of Vietnam (GSO), **SOEs** include following types: (1) Enterprises with 100% of state capital operating under control of the central or local government; (2) Limited liability companies under management of the central or local government; (3) Domestic capital joint-stock companies where the state holds more than 50% of charter capital.

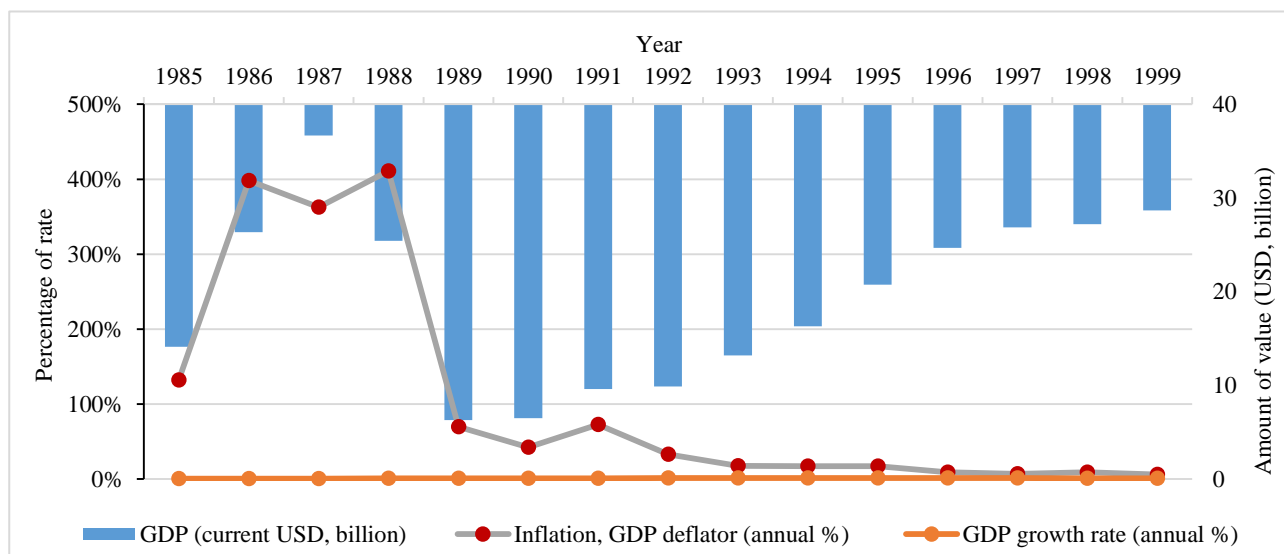
Non-SOEs include domestic capital enterprises, whose capital is under private ownership of one person or group of state-owned persons but accounts for 50% or less of the charter capital. There are following types of non-SOEs: (1) Private enterprises; (2) Partnership companies; (3) Private limited companies; (4) Joint-stock companies without state capital; (5) Joint-stock companies with 50% and less than of charter capital shared by the government.

NFHHBs are defined as businesses with no more than ten employees and one establishment only. Above this threshold, or if they run two or more establishments, NFHHBs must become enterprises governed by the Law on Enterprises.

In 1989, under the renovation reforms, a foreign investment law was implemented, stressing commercialization and liberalization, which opened the free market for foreign direct investment (FDI) in the country. Foreign investors obtained official permission to open businesses and cooperate with domestic investors in the development of most industrial sectors, from manufacturing, mining, and construction to banking, education, and health care, but not the military and public utilities. However, only joint-venture firms were allowed to enter the Vietnamese market, as the government limited the ownership stake of foreign partners. In the initial stage of the open-door policy, the number of projects with FDI increased from 211 in 1988-1990 to a peak of 415 in 1995 and 391 projects in 2000. The total registered capital from foreign investment rose from USD 1.3 billion in 1991 to USD 9.6 billion in 1996, though it later decreased to USD 2.8 billion in 2000 (GSO, 2017). Then foreign joint-venture banks opened in 1992, for instance, the Bangkok Bank of Thailand, the Indovina Bank, the Banque Francaise du Commerce Exterieur, and the Australia and New Zealand Banking Group (Dinh, 1993).

Vietnam joining the ASEAN (Association of South-East Asian Nations) Free Trade Area in 1995, indicating that Vietnamese economic institutions could adapt to international standards in the global market. Vietnam's full membership in ASEAN gave foreign investors more confidence about the country's international legitimacy, and the opening of multilateral trade relationships with other ASEAN member countries enabled Vietnam's export-import market share to increase quickly. Moreover, Vietnam's export-import market structure shifted to Asian countries, instead of Europe. In the period 1986-1990, Europe was the leading market, accounting for a 57.1% share, however, in 1991-1995, this rate declined to 15.6%, then, in 1996-2000, it was 23.9%. Whereas in 1986-1990, Asia accounted for a share of 30.4% of total Vietnam's export market, but it comprised 73.1% in 1991-1995 and 61.9% in 1996-2000. The United States held a small share of exports: 2.6% in 1991-1995 and 5.9% in 1996-2000 (GSO, 1986-2005).

The "renovation" reform in 1986 marked a significant milestone in the rapid growth in the number of private businesses and the economic development of Vietnam. Inflation was under control, falling from 398.1% in 1986 to 5.7% in 1999. GDP at current prices more than doubled, from USD 14.1 billion in 1985 to USD 28.7 billion in 1999 (see Figure 3.4). After 1986, private sector organizations, particularly NFHHBs, rapidly expanded and became dominant, for example, industrial NFHHBs totaled 206,172 in 1985 and increased to 493,020 in 1994 and 608,314 in 1999 (see Figure 3.3). Nevertheless, non-SOEs were still small in scale and decreased from 32,362 in 1988 to 8,930 in 1991 and 7,139 in 1999 (GSO, 2004). The process of equity transition for SOEs was slow and yielded only a small number of equitized companies.

Figure 3.4: Vietnam macroeconomic indicators 1985-1999.

Source: World Bank, 2018.

Over the 13-year period of the initial market transformation, Vietnam remained an undeveloped country despite the numerous impressive reforms to create a market-oriented economy aimed at initiating private businesses. The conditions for the development of a private sector were advantageous, but it was small, except for NFHHBs. Most private enterprises were still very small in scale because of the persistence of communist ideology, with its preference for government intervention in investment capital, the forms of ownership, property rights, complex tax laws, and restrictive business registration (Han & Baumgarte, 2000). In many cases, the budget for SOEs was bloated, which caused high inflation (Nguyen et al., 2015; Nguyen & Mort, 2016). Limited capital was available for private businesses, which handicapped the entire developmental process (Nguyen & Van Dijk, 2012; Vuong, 2014). In addition, restrictive and complex regulations, as well as overlapping responsibilities among government agencies, kept private business activity at a low level (Han & Baumgarte, 2000; Dana, 1994). Moreover, in terms of access to venture capital, the government practiced widespread discrimination favoring SOEs over private enterprises, which discouraged individuals from entering the market (Dinh, 1993).

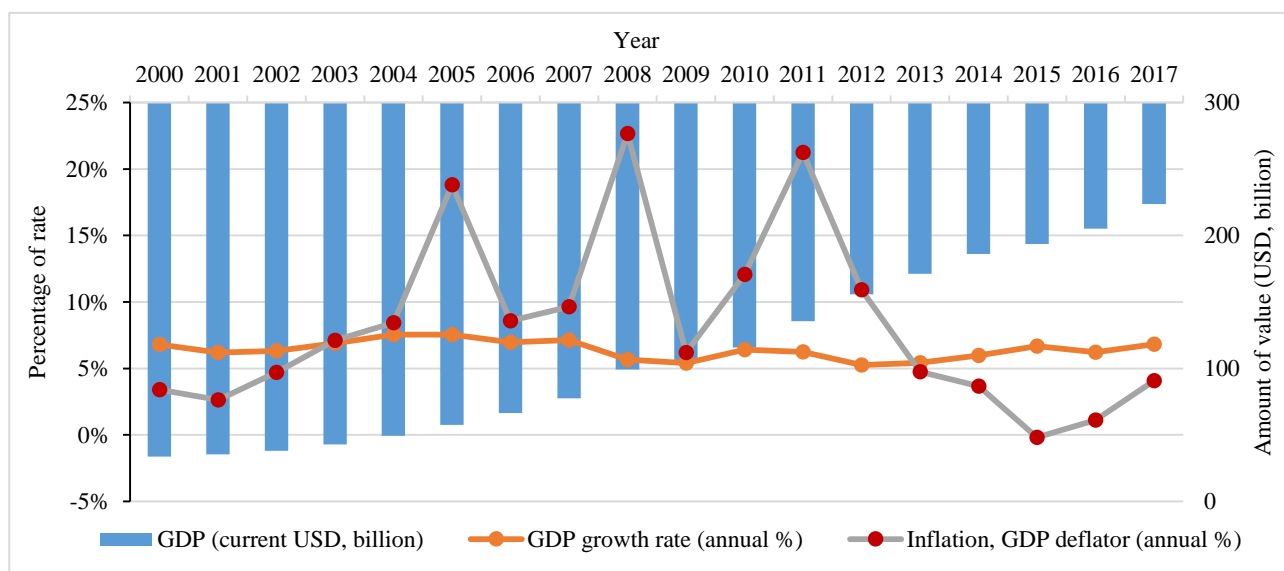
3.2 Market dynamics and socioeconomic conditions since 2000

The second phase of economic reform in Vietnam has been characterized as a “boom” (Tran, 2019) because many big changes in the economic and institutional environment to support the development of the private sector and adapt to international markets were initiated. The transition process in this stage transformed Vietnam from one of the world’s poorest and the least industrialized countries to a

lower-middle-income country (World Bank, 2018). Economic growth significantly increased, reaching around 6.5% per year beginning in 2000, a rate it has maintained since then.

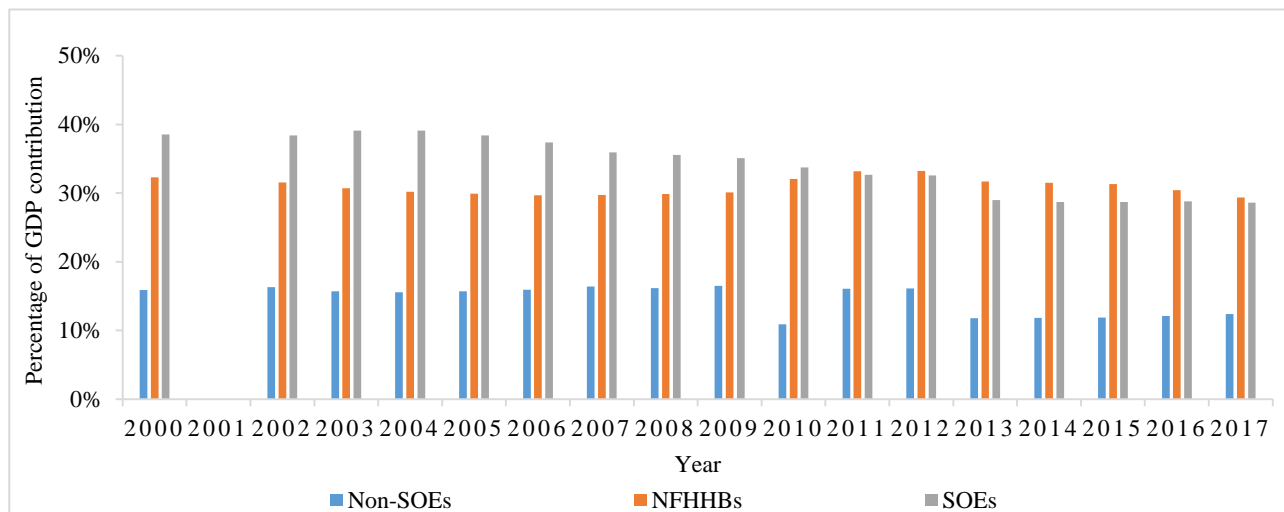
The inflation rate was successfully controlled and currently remains around 4.5%, although in 2008, it increased to 22.7%. GDP at current prices has grown substantially, more than doubling from USD 33.6 billion (2000) to USD 66.4 billion (2006), and then it more than tripled to USD 99.1 billion in 2008 and to USD 223.8 billion by 2017 (see Figure 3.5) (World Bank, 2018); agriculture, forestry, and fishing comprised a share of 15.3%, industry and construction 33.4%, and services 41.3% (GSO, 2017). Non-SOEs increased quickly and now make up a considerable share of GDP. The business environment has held a strong attraction for FDI. Moreover, the production of consumer goods and agriculture are not only sufficient to meet the population's needs but also are exported to countries around the world. Overall, the standard of living has greatly increased.

Figure 3.5: Vietnam macroeconomic indicators 2000-2017.



Source: World Bank, 2018.

In fact, non-SOEs, such as private businesses and partnerships, have increased dramatically since the practical application of the first Enterprise Law in 2000, numbering 105,167 firms in 2005 (up from 35,004 firms in 2000), which contributed 15.7% of GDP. The number of non-SOEs increased to 123,392 in 2006 and 488,395 in 2016 and comprised 15.9% (2006) and 12.1% (2016) of Vietnam's GDP. Another substantial contribution to the economic development was made by NFHHBs, which began to develop rapidly in 2000 with 2,443,669 establishments, compared with 377,005 in 1990. In 2016, the number of NFHHBs totaled 4,909,827, which made up 30.4% of GDP, and in 2017 the number increased to 5,142,628, accounting for 29.3% of GDP (see Figure 3.6 and Table 3.8).

Figure 3.6: GDP contribution by types of sector 2000-2017.

Source: GSO, 2017.

Vietnamese leaders continued to equitize SOEs. In the years that followed, the opening of a stock market in Ho Chi Minh City (HCMC) in 2000 and in Hanoi in 2005 created a new investment market and facilitated the equitization of SOEs. When the stock market in HCMC was first established, only four companies were listed. By the end of 2006, 120 equitized SOEs were listed on the stock market. In early 2007, the number of companies listed on this market rose to 193, of which 87 were SOEs. In mid-2010, the number of companies listed on the two stock markets increased, with 258 companies listed on the HCMC stock market and 328 on the market in Hanoi. At that time, the market capitalization of the Ho Chi Minh and Hanoi stock markets totaled about USD 37 billion, which is the equivalent of 45% of Vietnam's GDP (Truong, 2013). Indeed, SOEs have been privatized slowly, and about 3,200 companies equitized over a 17-year period (2000-2017), with 2,506 SOEs still in operation in 2017. That year, SOEs accounted for 28.6% of Vietnam's economy, the second-largest share.

Vietnam had two turning points in its entry to the global market. In 2000, negotiations opened with the US over a bilateral trade agreement, and in 2007 it became an official member of the World Trade Organization. Thus foreign trade was officially liberalized, which boosted Vietnam's export-import market over time. During the economic reforms, the export turnover of Vietnamese goods gradual rose from USD 1.4 billion in 1986-1990 to a peak of USD 22.2 billion in 2000-2005 and reached USD 214 billion in 2017; domestic and foreign-invested sectors accounted for USD 58.9 billion and USD 155.1 billion respectively of Vietnam's export value.

In 2017, the main products in the Vietnamese export market—including phones of all kinds and parts for them, textiles, electronics, and footwear— were valued at USD 45.3 billion, USD 26 billion,

USD 25.9 billion, and USD 14.7 billion, respectively. With regard to export markets, the leading market for Vietnamese goods was the United States, which purchased a share of 19.4%, valued at USD 41.6 billion; the second-ranked market was the EU, with USD 38.3 billion (17.9%), followed by China, with USD 35.5 billion (16.6%); ASEAN, with USD 21.7 billion (10.1%); and Japan and Korea, with USD 16.8 billion (7.9%) and USD 14.8 billion (6.9%) respectively. In terms of imports, since the open-door policy, Vietnam's annual turnover increased over time, from USD 2.5 billion in 1986 to USD 211.1 billion in 2017. Electronics, computers, and parts for them were the main imports (USD 37.7 billion), and China was Vietnam's largest import market (USD 58.2 billion) in 2017 (GSO, 2017).

Vietnam's economic revival has attracted foreign investors. As early as 2000, the number of foreign-invested firms was 1,525, contributing 13.28% of GDP. This sector nearly doubled, from 5,010 (2005-2009) to 9,300 (2010-2014), and this enabled it to expand its contribution to GDP from 15.15% in 2010 to 18.59% in 2016 (GSO, 2010, 2017). The foreign-invested sector has created many new jobs, employing about 2,785,320 workers in 2010-2014 and 4,332,050 in 2015-2017. The amount of venture capital at this kind of firm has grown since 2000, totaling approximately VND 5,113,800 billion in the period 2015-2017 (see Table 3.1).

In addition, during the course of the transition, the number of foreign-invested projects has steadily increased. In 2001, Vietnam had 555 licensed projects, with registered capital of USD 3,265 million, and in 2010 it had 1,237 projects with venture capital of USD 23,107 million, and in 2017 it had 2,741 projects, with total registered capital of USD 26,980 million. Particularly, in 2008, total registered capital reached a peak of USD 71,726 million with 1,171 investment projects. With respect to the targets of foreign investment, in 2017 manufacturing attracted the most foreign investment, USD 14,700 million, followed by electricity, gas, steam, and air conditioning, at USD 8,400 million. Among countries investing in Vietnam (accumulation of projects having effect as of 31/12/2017), South Korea had the highest number of projects (6,549) valued at USD 57,861 million; followed by Japan with 3,607 projects (USD 49,307 million), Taiwan (2,534; USD 30,867 million), China (1,817; USD 12,023 million), and the US (861; USD 9,894 million) (GSO, 2017).

Table 3.1: Descriptive statistics on foreign investment enterprises 1990-2017.

| Year | 1990-1994 ^a | 1995-1999 ^a | 2000-2004 | 2005-2009 | 2010-2014 | 2015-2017 |
|---------------------------------------|------------------------|------------------------|-----------|-----------|-----------|-----------|
| Number of firms | 126 | 696 | 2,328 | 5,010 | 9,300 | 15,090 |
| Employees | 28,802 | 207,909 | 698,610 | 1,620,189 | 2,785,320 | 4,332,050 |
| Annual capital (billion VND) | | | 308,494 | 813,530 | 2,718,400 | 5,113,800 |
| Annual average capital per enterprise | | | 134 | 158 | 287 | 339 |

Note: ^aNumber of industrial establishments.

Source: Own calculations based on micro census.

As part of its education reforms, Vietnam offered almost universal access to primary education. Unlike other transition countries, at the start of its transition process, “Vietnam had much higher literacy rates, life expectancy, and education than most other countries with similar levels of per capita income” (Mishra, 2011, p. 15). As of 2017, Vietnam had 235 universities, consisting of 170 public and 65 private universities, attended by 1.7 million students. At Vietnamese universities, students are required to take 23 credit hours (12% of total study hours) of courses on political subjects (e.g., Marxist-Leninist philosophy, Marxist political economy, scientific socialism, Ho Chi Minh thought, and the history of the Vietnamese Communist Party, and undergraduate and postgraduate students must pass examinations on these subjects before graduation (Doan, 2005). These courses cover the philosophy and principles of Marxism and Leninism and how to work hard and struggle for the independence and stability of the country. With respect to entrepreneurship courses as well as startup activities at universities, it could be said that entrepreneurship is an emerging phenomenon and a new concept at Vietnamese universities. The government began to consider and support this activity by launching the “Startup Nation” program in 2016. Then, Decision No. 1665 in 2017 approved the “Supporting Students and Startups to 2025” project, which requires all universities to add entrepreneurship courses to the curriculum.

As a result of the achievements of the economic reforms and transformation, GDP per capita at current prices rose over an eleven-year period, from USD 94.30 in 1989 to USD 361.30 in 2000 and by 2017 per capita income reached USD 2,342.2 (at current prices), which ranked Vietnam 134th out of 187 countries and territories (see Appendix A3.2) (World Bank, 2018). In addition, the standard of living greatly improved, as indicated by the increase in the HDI from 0.65 in 2011 to 0.68 in 2015 and 0.7 in 2017 (GSO, 2017).

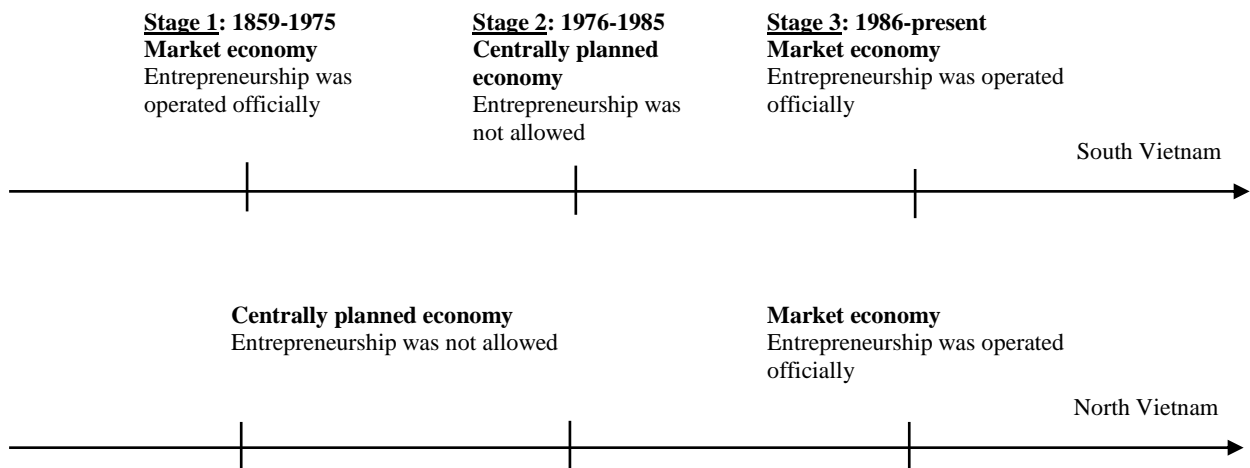
In general, during the boom that started in 2000, Vietnam has achieved high economic growth, high foreign investment, robust exports, a sharp drop in inflation, and a remarkable increase in the private sector and NFHHBs, in a context with the continuation of single-party rule, high state intervention, and significant direct control of production through SOEs. One goal of the state was the transition process to sell or equitize SOEs through equitizations as well as privatization programs. Included in this strategy is minimization of government intervention in SOEs and giving individuals more freedom to become involved in business activities. As a result, Vietnam equitized thousands of SOEs.

However, privatization proceeded slowly: in 2000, Vietnam had 5,759 SOEs, and this fell to 3,281 in 2010, and 2,506 in 2017. That year, SOEs continued to be “flagship” of the economy (Le, 2011) and accounted for about 28.6% of total GDP, whereas NFHHBs were equivalent to 29.3%, non-SOEs made up 12.4%, of which private business was 8.6%, and foreign investment contributed

19.6%. In 2017 the number of SOEs was quite small (2,506) compared with the several million NFHHBs (5,142,628), more than half a million non-SOEs (538,477), which consisted of privately owned firms (49,120) and foreign-invested enterprises (14,532) (see Figure 3.6 and Tables 3.2 and 3.8).

Furthermore, Vietnam's financial system has different types of financial institutions, including commercial banks, policy-lending institutions, credit funds, and financial companies. The Vietnamese financial market consists of five SOCBs, 37 joint-stock banks, 37 branches of foreign banks, and five joint-venture banks. Despite diversification in the capital structure and participants in the market, SOCBs control about 70% of the banking assets and 70% of total bank loans, whereas joint-stock banks control 15%, and other institutions control 15%. SOCBs prefer to offer bank loans to SOEs, rather than privately owned enterprises. The preferential treatment by SOCBs makes it difficult for private businesses to gain access to venture capital, which plays an important role in the development of private business activity (Truong, 2013).

In sum, Vietnam had a completely different journey in its transition process from the countries in Eastern Europe and former Soviet republics. The state-controlled economy has been replaced by a socialist-oriented market economy, not a free-market economy. Economic reforms and open-door policies have attracted FDI, which has driven a rapid increase in the number of projects and significantly contributes to GDP. Non-SOEs and NFHHBs have increased in number and make a considerable contribution to economic growth, though SOEs are considered the "flagship" of the economy. Vietnam's transition process has not included a considerable change in political institutions. The Communist Party remains the sole leadership of Vietnam. In general, Vietnam's transition could be described as successful, as it transformed the country from one of the world's poorest and least industrialized to one that ranks among those with a lower-middle (World Bank, 2018). In the process, it addressed serious problems, such as hyperinflation and income unemployment, and has maintained a steady average annual growth of 6.5% (Tran, 2019; World Bank, 2018). Figure 3.7 illustrates the transition process in Vietnam.

Figure 3.7: Transitioning processes of Vietnam.

Source: Own illustration.

3.3 Entrepreneurship in Vietnam

3.3.1 The development of entrepreneurship

Vietnam's transition aims at minimizing the role of government in the market by both reducing the number of SOEs and boosting the private sector, therefore, the development of entrepreneurship involves the reduction in the state-owned sector. In fact, Vietnamese entrepreneurial activity and private business have been permitted since 1986, with the "renovation reform and open-door policy." The opening of the economy to the global market in 1986 encouraged a dramatic expansion in the development and participation of non-SOEs, such as private enterprises, partnership companies, private limited liability companies, joint-stock companies with less than 50% state financing, and joint-stock companies without state capital. Before 1986, SOEs dominated, and there were no private companies, however, in 1988, there were about 32,362 non-SOEs compared with 3,092 SOEs in terms of industrial establishments (see Figure 3.3).

After the introduction of the Enterprise Law in 2000, the number of non-SOEs quickly grew, more than tripling from 44,852 companies in 2000-2002 to approximately 155,829 in 2006-2008. They numbered 277,370 firms in 2009-2011 and 484,861 in 2015-2017. Notably, private firms and private limited enterprises make up the majority of the non-SOEs. The private sector accounted for approximately 58% in 2000-2002 of the non-SOEs, 27% in 2006-2008, and 10% in 2015-2017, whereas private limited companies made up about 37% in 2000-2002, 52% in 2006-2008, and 69% in 2015-2017 (see Table 3.2).

Thanks to the opening of the market economy and encouragement of non-SOEs, the Vietnamese non-state sector comprises the largest share of all kinds of firms, accounting for about 90% of since 2003. In 2001, of the total 51,680 companies, non-SOEs made up 44,314. In 2016, Vietnam had a total of 505,059 different types of firms (e.g., SOEs, non-SOEs, and foreign-invested enterprises), of which 96.7% (488,395) were non-SOEs. Moreover, this meant that the majority of workers were employed by non-SOEs, accounting for about 45% of the labor force since 2005 (GSO, 2018).

Although the share of employment in SOEs doubled over that in non-SOEs in 2000, and the number of employees working for SOEs was nearly the same as that at non-SOEs in 2003-2005, since 2006 the non-state sector has hired many more workers than SOEs. For example, in 2006-2008, SOEs employed 1,796,150, compared with 3,998,129 at non-SOEs. In the period 2015-2017, SOEs employed 1,286,433, whereas non-SOEs hired around 8,361,767, comprising approximately 61% of the labor market. The data also show the distribution of employment by the type of economic activity, in which the largest share, about 50%, of all employees are hired in manufacturing (GSO, 2018).

Table 3.2: Descriptive statistics on enterprises in Vietnam 2000-2017.

| Year | 2000-2002 | 2003-2005 | 2006-2008 | 2009-2011 | 2012-2014 | 2015-2017 |
|---|-----------|-----------|-----------|-----------|-----------|------------|
| <i>SOEs</i> | | | | | | |
| Number of firms | 5,492 | 4,509 | 3,509 | 3303 | 3162 | 2,668 |
| Employees | 2,154,238 | 2,184,168 | 1,796,150 | 1,717,700 | 1,539,000 | 1,286,433 |
| Annual average capital (billion VND) | 770,160 | 1,131,787 | 2,091,884 | 3,823,335 | 5,650,866 | 7,880,833 |
| Annual average capital per enterprise (billion VND) | 141 | 255 | 603 | 1,159 | 1,792 | 2,978 |
| <i>Non-SOEs</i> | | | | | | |
| Number of firms | 44,852 | 84,566 | 155,829 | 277,370 | 3,598,623 | 484,861 |
| Employees | 1,359,125 | 2,501,486 | 3,998,129 | 5,888,700 | 6,920,567 | 8,361,767 |
| Annual average capital (billion VND) | 147,649 | 439,929 | 1,564,514 | 5,280,500 | 8,651,200 | 13,616,600 |
| Annual average capital per enterprise (billion VND) | 3 | 5 | 9.7 | 92 | 319 | 343 |
| <i>Of which private enterprises</i> | | | | | | |
| Number of firms | 22,706 | 30,093 | 41,440 | 48,253 | 48,861 | 47,215 |
| Employees | 284,484 | 430,464 | 526,153 | 586,283 | 509,733 | 445,400 |
| Annual average capital (billion VND) | 21,518 | 46,599 | 111,684 | 239,432 | 305,633 | 418,167 |
| Annual average capital per enterprise (billion VND) | 0.9 | 1.5 | 2.7 | 4.9 | 6.3 | 8.9 |
| <i>Of which private limited enterprises</i> | | | | | | |
| Number of firms | 16,745 | 41,196 | 81,466 | 163,889 | 232,220 | 336,372 |
| Employees | 712,411 | 1,377,184 | 1,965,943 | 2,995,711 | 3,579,100 | 4,517,867 |
| Annual average capital (billion VND) | 69,842 | 206,620 | 558,962 | 1,753,666 | 3,099,600 | 4,922,933 |
| Annual average capital per enterprise (billion VND) | 4.2 | 5.0 | 6.7 | 10.7 | 13.3 | 14.8 |

Note: Non-SOEs: private enterprises, partnership companies, private limited companies, joint-stock companies having a capital of the state, and joint-stock companies without the capital state.

Source: Own calculations based on micro census.

The vast majority of non-SOEs are small and medium-sized enterprises (SMEs). In the period 2004-2005, of the total 93,186 non-SOEs, 19,060 were micro-enterprises (less than five employees), 30,340 were very small firms (5-9 employees), 34,039 were small firms (10-49 employees), and 7,667 were medium-sized firms (50-199 employees); only about 813 enterprises had 200 to 299 employees, and only five firms had more than 5,000. In the period 2010-2017, the number of micro-enterprises increased by 275%, from 91,128 in 2010-2011 to 250,609 in 2016-2017. During the same period, the number of other types of SMEs and large firms gradually expanded as well. Still, in 2015-2017, Vietnam had only 518 companies with more than 1,000 employees and 50 firms with more than 5,000 (see Table 3.3).

Table 3.3: Number of enterprises by sizes of employees 2004-2017.

| Year | 2004-2005 | 2006-2007 | 2008-2009 | 2010-2011 | 2012-2013 | 2014-2015 | 2016-2017 |
|-----------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| <i>SOEs</i> | | | | | | | |
| <5 employees | 7 | 15 | 14 | 29 | 45 | 38 | 46 |
| 5-9 employees | 31 | 35 | 40 | 76 | 58 | 58 | 70 |
| 10-49 employees | 700 | 644 | 600 | 634 | 639 | 601 | 535 |
| 50-199 employees | 1,598 | 1,304 | 1,205 | 1,197 | 1,206 | 1,071 | 875 |
| 200-299 employees | 483 | 402 | 392 | 362 | 336 | 291 | 255 |
| 300-499 employees | 571 | 446 | 414 | 355 | 341 | 327 | 284 |
| 500-999 employees | 512 | 378 | 330 | 317 | 313 | 283 | 262 |
| 1,000-4,999 employees | 405 | 339 | 299 | 269 | 243 | 240 | 222 |
| >5,000 employees | 37 | 39 | 34 | 38 | 39 | 35 | 28 |
| Total | 4,341 | 3,600 | 3,326 | 3,274 | 3,219 | 2,942 | 2,574 |
| <i>Non-SOEs</i> | | | | | | | |
| <5 employees | 19,060 | 25,657 | 49,299 | 91,128 | 13,733 | 184,424 | 250,609 |
| 5-9 employees | 30,340 | 54,195 | 81,172 | 97,448 | 95,550 | 100,543 | 125,186 |
| 10-49 employees | 34,039 | 43,018 | 71,386 | 86,772 | 92,042 | 99,043 | 112,771 |
| 50-199 employees | 7,667 | 9,763 | 12,675 | 16,943 | 17,799 | 19,207 | 21,181 |
| 200-299 employees | 813 | 1,098 | 1,414 | 1,840 | 1,925 | 2,021 | 2,169 |
| 300-499 employees | 672 | 806 | 964 | 1,283 | 1,313 | 1,396 | 1,620 |
| 500-999 employees | 410 | 542 | 615 | 776 | 785 | 860 | 972 |
| 1,000-4,999 employees | 182 | 264 | 315 | 381 | 409 | 447 | 518 |
| >5,000 employees | 6 | 12 | 17 | 21 | 24 | 33 | 50 |
| Total | 93,186 | 135,354 | 217,854 | 296,589 | 347,178 | 407,971 | 515,074 |

Note: Non-SOEs: private enterprises, partnership companies, private limited companies, joint-stock companies having a capital of the state, and joint-stock companies without the capital state.

Source: Own calculations based on micro census.

Beyond the impressive growth of SMEs in terms of the number of firms, micro, and small businesses, especially household establishments in the informal sector, as well as NFHHBs, have

made remarkable contributions to the entrepreneurship by expanding the number of firms and creating millions of jobs (see Figure 3.3 and Table 3.8). During the first period of economic change (1990-1999), NFHHBs were over SOEs and non-SOEs and had the highest number of firms and created the most jobs in terms of industrial establishments. At the same time, the number of new businesses ranged from 350,000 to 600,000, with an average of 470,000. This sector hired more than 1 million employees on a yearly basis. In the second phase of transformation (since 2002), the share of NFHHBs has enabled an enormous increase in the number of firms and employed a large share of the total labor market. In the period 2016-2017, approximately 8,420,210 people worked at 5,026,228 NFHHBs (see Table 3.8).

3.3.2 The challenges of entrepreneurship

By supporting the development of private businesses as well as entrepreneurship activities, government policies have enabled impressive improvements in Vietnam. Since the renovation reforms, for example, the rising number of non-SOEs, including private firms, has created the largest number of new jobs in the Vietnamese market. Although the amount of investment in non-SOEs keeps growing, their annual average capital has been quite limited. In general, their annual venture capital per enterprise is much less than that of SOEs (see Table 3.2). This pattern implies that entrepreneurship in Vietnam follows the general characteristics outlined in several prior studies on the transition process (Nguyen et al., 2015; Nguyen & Van Dijk, 2012; Tran, 2019), for instance, the government still prioritizes financing support for SOEs.

As suggested by Tran (2019), Vietnam used a “wait and see” approach in its transition process, which aimed not only to encourage the development of private business but also to enhance efficiency at SOEs. The government pays much more attention to SOEs than to non-SOEs. The state has remained a huge source of venture capital investment for SOEs: in 2000-2002, it allocated VND 770,160 billion to 5,492 SOEs compared with VND 147,649 billion to 44,852 non-SOEs. This pattern has continued in recent years, with venture capital investment in the period 2015-2017 totaling VND 7,880,833 billion for 2,668 SOEs, but only VND 13,616,600 billion in venture capital for 484,861 non-SOEs (see Table 3.2). With respect to annual venture capital by the kind of economic activity, the share of finance and manufacturing comprise the largest share of investment (GSO, 2018).

Table 3.4 shows the number of SOEs and non-SOEs by sizes of capital, ranging from less than VND 0.5 billion to more than VND 500 billion in the period 2004-2017. Despite the tremendous increase in the number of non-SOEs by the amount of capital, the overall amount of investment is still lower in non-SOEs than in SOEs. Among non-SOEs by different sizes of venture capital, the largest number of firms, about 42%, went to those with venture capital of VND 1-4.9 million. Among

SOEs, the largest number of firms went to those with VND 10-49.9 million, followed by those that had VND 50-199.9 million. However, since 2010, the largest number of firms has gone to SOEs with venture capital of VND 50-199.9 (see Table 3.4).

Table 3.4: Number of enterprises by sizes of capital 2004-2017.

| Year | 2004-2005 | 2006-2007 | 2008-2009 | 2010-2011 | 2012-2013 | 2014-2015 | 2016-2017 |
|-----------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| <i>SOEs</i> | | | | | | | |
| <0.5 billion VND | 31 | 29 | 25 | 22 | 32 | 29 | 34 |
| 0.5-0.9 billion VND | 29 | 23 | 14 | 16 | 9 | 4 | 5 |
| 1-4.9 billion VND | 453 | 295 | 212 | 163 | 113 | 104 | 82 |
| 5-9.9 billion VND | 470 | 345 | 252 | 220 | 197 | 143 | 95 |
| 10-49.9 billion VND | 1,534 | 1,140 | 981 | 886 | 819 | 686 | 560 |
| 50-199.9 billion VND | 1,180 | 1,028 | 968 | 928 | 893 | 810 | 675 |
| 200-499.9 billion VND | 415 | 423 | 450 | 480 | 485 | 474 | 418 |
| >500 billion VND | 231 | 319 | 426 | 560 | 673 | 693 | 708 |
| Total | 4,341 | 3,600 | 3,326 | 3,274 | 3,219 | 2,942 | 2,574 |
| <i>Non-SOEs</i> | | | | | | | |
| <0.5 billion VND | 24,826 | 17,131 | 20,132 | 30,675 | 19,838 | 19,298 | 48,089 |
| 0.5-0.9 billion VND | 18,208 | 22,595 | 26,173 | 32,370 | 25,442 | 26,528 | 50,864 |
| 1-4.9 billion VND | 36,372 | 67,315 | 100,739 | 124,845 | 145,898 | 151,795 | 214,989 |
| 5-9.9 billion VND | 7,371 | 14,008 | 34,033 | 47,434 | 65,088 | 79,898 | 78,299 |
| 10-49.9 billion VND | 6,377 | 11,170 | 29,592 | 47,834 | 72,218 | 104,341 | 92,240 |
| 50-199.9 billion VND | 1,192 | 2,497 | 5,545 | 9,916 | 14,628 | 20,332 | 22,383 |
| 200-499.9 billion VND | 173 | 433 | 1,113 | 2,169 | 2,618 | 3,815 | 4,759 |
| >500 billion VND | 68 | 206 | 530 | 1,348 | 1,450 | 1,966 | 3,453 |
| Total | 94,586 | 135,354 | 217,854 | 296,589 | 347,178 | 407,971 | 515,074 |

Note: Non-SOEs: private, collective name, limited firm, a joint-stock company having a capital of the state, and a joint-stock company without the capital state.

Source: Own calculations based on micro census.

Previous studies have investigated the challenges and difficulties of Vietnamese entrepreneurs and indicate that limited venture capital is one of the largest barriers to opening a new business. In an empirical study conducting a survey of 378 Vietnamese entrepreneurs to assess their motivation and problems in starting a new venture, [Benzing et al. \(2005\)](#) report that difficulty in accessing finance prevents people from embarking on entrepreneurship. Data on 1999 reveal that the central banks control about 80% of the financial capital ([Webster & Taussig, 1999](#)), but they give preference to loans to SOEs over those to private firms ([Nguyen & Mort, 2016](#); [Vuong, 2014](#)). Although SOEs have a large amount of bad debt, the state bank seems to ignore or cancel it and continues to be confident about the development of SOEs. The government's preferential credit terms or treatment

for SOEs are considered an important barrier to the development of the private sector (Nguyen, 2006; Nguyen & Van Dijk, 2012).

Another issue for private businesses is the low skill level of workers. According to a survey conducted by Webster and Taussig (1999), most entrepreneurs (73%) indicate that finding highly skilled workers is difficult for their business. In addition, entrepreneurs encounter a shortage of management and marketing training among potential hires (Benzing et al., 2005). There is a serious lack of entrepreneurship programs and workshops, as only a few universities focus on this subject, and even then, it remains at a basic level (Khuong & An, 2016).

3.4 Entrepreneurship in North and South Vietnam

Before it was reunified in 1975, Vietnam was divided into North and South Vietnam. The economy in the North used central planning and discouraged individual businesses, whereas South Vietnam was characterized by a capitalist economy that strongly encouraged entrepreneurship activities as well as private ownership. Nevertheless, the period 1975-1985 under the “socialization program” of the Southern economy as part of the reunification, almost all private businesses in the South were nationalized or closed. The private sector throughout the country was officially permitted to initiate new ventures only after the government began to implement the renovation reform in 1986.

At the end of 1986, the number of businesses in terms of industrial establishments, including SOEs and non-SOEs (e.g., NFHHBs) in the North and South differed. The South had 1,617 SOEs, compared with 1,433 in the North. The difference in the number of firms in the two regions a year after the market was opened could be explained by the fact that a majority of the private firms in the South were nationalized before 1986, so that is why the South had a higher number of SOEs. With regard to non-SOEs, North Vietnam had 171,443, compared with 138,800 in the South. (GSO, 2010).

During the initial period of socioeconomic reforms (between 1990 and the end of 1999), the number of establishments, both SOEs and non-SOEs (including NFHHBs), was greater in the North than in the South for three possible reasons. First, North Vietnam had a centrally planned economy for a longer period, dominated by SOEs; therefore, more of them are found in the North. Second, under the post-socialist ideology in the North, the state focused its attention on the development of heavy industry (e.g., mining and manufacturing). Moreover, people in the South were reluctant to open new firms because of the influence of the socialization program there launched by the Vietnamese state in the period 1975-1985. Hence, these historical influences could be responsible for the larger number of new industrial businesses in the North than the South initially during the transformation

Soon after the promulgation of the Enterprise Law in 2000, many new businesses emerged in both parts of Vietnam. South Vietnam, in particular, created new firms more rapidly. In the period 2000-2002, the North had about 18,478 companies, while the South had 33,617. In the period 2009-2017, South Vietnam continued to be the leader with regard to the creation of new businesses, with about 167,431 in 2009-2011, and 295,631 in 2015-2017. In comparison, in 2009-2011 and 2015-2017, North Vietnam had nearly 112,654 and 206,877 registered companies, respectively. Moreover, the greater expansion in the number of firms in the South raised the level of employment there. In 2000-2002, in the South employed approximately 2,150,806 workers, while those in the North firms hired about 1,522,461. Over a ten-year period (2007-2017), the labor force averaged about 1,500,000 employees and was larger in the South than in the North. Regarding annual expenditures of venture capital, companies in the South also invested more capital in business activity than those in the North ones did (see Table 3.5).

Table 3.5: Descriptive statistics on enterprises¹ in the North and South 2000-2017.

| Year | 2000-2002 | 2003-2005 | 2006-2008 | 2009-2011 | 2012-2014 | 2015-2017 |
|---|-----------|-----------|-----------|-----------|-----------|------------|
| <i>North Vietnam</i> | | | | | | |
| Number of enterprises | 18,478 | 37,727 | 68,079 | 112,654 | 155,753 | 206,877 |
| Employees | 1,522,461 | 2,152,473 | 2,864,622 | 3,988,086 | 4,933,532 | 6,012,076 |
| Annual average capital (billion VND) | 374,169 | 506,962 | 1,362,430 | 3,685,946 | 6,616,964 | 10,260,227 |
| Annual average capital per enterprise (billion VND) | 21 | 13 | 19 | 32 | 43 | 50 |
| <i>South Vietnam</i> | | | | | | |
| Number of enterprises | 33,617 | 54,324 | 96,031 | 167,431 | 218,237 | 295,631 |
| Employees | 2,150,806 | 3,177,794 | 4,168,568 | 5,413,770 | 6,278,942 | 7,473,786 |
| Annual average capital (billion VND) | 448,248 | 833,320 | 1,959,869 | 5,178,681 | 7,982,698 | 10,217,476 |
| Annual average capital per enterprise (billion VND) | 13 | 16 | 20 | 31 | 36 | 35 |

Notes: ¹Number of enterprises: SOEs and non-SOEs; Non-SOEs: private enterprises, partnership companies, private limited companies, joint-stock companies having a capital of the state, and joint-stock companies without the capital state.

Source: Own calculations based on micro census.

North and South show a gradual increase in the number of firms, but vary greatly in terms of firm size, specifically at SMEs (less than 5 employees and 5-9 employees). The SME size with the largest discrepancy between North and South Vietnam is firms with less than five employees. Since 2004, micro SMEs (less than five employees) in the South have nearly doubled in number. For example, in 2004-2005, the South had 14,861 micro SMEs, whereas the North had about 5,772. Over time, this gap in micro firms between the two regions has grown. In the period 2008-2009, the South had approximately 35,703 micro SMEs, whereas the North had only 13,954. In the period 2014-2015

and 2016-2017, about 126,941 and 170,474 micro SMEs were in the South, compared with 59,099 and 82,850 in the North, respectively (see Table 3.6).

The second biggest distinction in the number of firms between South and North Vietnam is in SMEs (5-9 employees). On average, in the period 2004-2017, the South had about 6,000 more SMEs than the North (see Table 3.6). South Vietnam has a higher number of firms of other sizes (e.g., medium-sized and large firms) than North Vietnam, however, the difference in the number of firms between the two regions is not as wide. For instance, in 2010-2011, the North had 14 fewer firms, and in 2016-2017, it had 41 fewer firms with more than 5,000 employees than the South.

Table 3.6: Number of enterprises¹ by sizes of employees in the North and South 2004-2017.

| Year | 2004-2005 | 2006-2007 | 2008-2009 | 2010-2011 | 2012-2013 | 2014-2015 | 2016-2017 |
|-----------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| <i>North Vietnam</i> | | | | | | | |
| <5 employees | 5,722 | 6,257 | 13,954 | 30,433 | 44,928 | 59,099 | 82,850 |
| 5-9 employees | 12,664 | 23,231 | 33,445 | 48,181 | 44,384 | 47,980 | 60,177 |
| 10-49 employees | 16,995 | 21,233 | 36,405 | 46,569 | 48,388 | 52,027 | 59,121 |
| 50-199 employees | 4,672 | 5,632 | 7,438 | 10,104 | 10,297 | 11,030 | 12,290 |
| 200-299 employees | 635 | 752 | 980 | 1,314 | 1,293 | 1,313 | 1,446 |
| 300-499 employees | 616 | 674 | 742 | 1,026 | 980 | 1,039 | 1,198 |
| 500-999 employees | 467 | 483 | 503 | 677 | 665 | 745 | 862 |
| 1,000-4,999 employees | 286 | 325 | 361 | 455 | 490 | 536 | 611 |
| >5,000 employees | 17 | 23 | 30 | 42 | 49 | 61 | 73 |
| Total | 42,072 | 58,609 | 93,856 | 138,799 | 151,471 | 173,827 | 218,626 |
| <i>South Vietnam</i> | | | | | | | |
| <5 employees | 14,861 | 19,589 | 35,703 | 61,496 | 93,580 | 126,941 | 170,474 |
| 5-9 employees | 17,882 | 31,280 | 48,208 | 50,171 | 52,199 | 53,756 | 66,708 |
| 10-49 employees | 18,699 | 23,741 | 37,394 | 43,245 | 47,106 | 50,961 | 58,405 |
| 50-199 employees | 5,670 | 6,845 | 8,256 | 10,152 | 11,039 | 11,931 | 13,078 |
| 200-299 employees | 928 | 1,083 | 1,244 | 1,374 | 1,575 | 1,661 | 1,771 |
| 300-499 employees | 879 | 902 | 1,022 | 1,087 | 1,226 | 1,354 | 1,496 |
| 500-999 employees | 686 | 749 | 812 | 892 | 953 | 1,020 | 1,106 |
| 1,000-4,999 employees | 464 | 532 | 558 | 585 | 657 | 748 | 802 |
| >5,000 employees | 35 | 49 | 51 | 56 | 75 | 94 | 114 |
| Total | 33,218 | 84,767 | 133,246 | 169,056 | 208,408 | 248,464 | 313,951 |

Notes: ¹Number of enterprises: SOEs and non-SOEs; Non-SOEs: private enterprises, partnership companies, private limited companies, joint-stock companies having a capital of the state, and joint-stock companies without the capital state.

Source: Own calculations based on micro census.

The number of firms by sizes of capital, ranging from less than VND 0.5 billion to more than VND 500 billion, in the North and South differs. North and South show a gradual increase in the number of firms, but vary greatly in terms of sizes of capital. The number of firms by different sizes of venture capital is higher in the South than in the North. For example, the South had 130,959 firms

with VND 1-4.9 billion, compared with 86,186 in the North in the period 2016-2017 (see Table 3.7). Regarding NFHHBs in two areas, the South also showed a higher number of establishments than the Northern, but the difference in the number of establishments was not much greater in the period 2002-2017 (see Table 3.8).

Table 3.7: Number of enterprises¹ by sizes of capital in the North and South 2004-2017.

| Year | 2004-2005 | 2006-2007 | 2008-2009 | 2010-2011 | 2012-2013 | 2014-2015 | 2016-2017 |
|-----------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| <i>North Vietnam</i> | | | | | | | |
| <0.5 billion VND | 8,606 | 6,955 | 8,555 | 10,268 | 7,682 | 6,440 | 15,905 |
| 0.5-0.9 billion VND | 7,182 | 8,740 | 10,121 | 11,248 | 9,319 | 8,839 | 16,879 |
| 1-4.9 billion VND | 17,187 | 28,784 | 42,764 | 52,191 | 57,893 | 57,189 | 86,186 |
| 5-9.9 billion VND | 3,672 | 5,923 | 14,429 | 23,253 | 29,922 | 35,184 | 36,178 |
| 10-49.9 billion VND | 3,760 | 5,740 | 13,669 | 23,063 | 35,953 | 50,520 | 45,965 |
| 50-199.9 billion VND | 1,197 | 1,711 | 3,188 | 5,199 | 7,866 | 11,566 | 12,345 |
| 200-499.9 billion VND | 303 | 421 | 747 | 1,221 | 1,626 | 2,341 | 2,809 |
| >500 billion VND | 166 | 291 | 534 | 976 | 1,218 | 1,598 | 2,339 |
| Total | 42,072 | 58,564 | 94,006 | 127,417 | 151,478 | 173,676 | 218,605 |
| <i>South Vietnam</i> | | | | | | | |
| <0.5 billion VND | 16,330 | 10,322 | 11,763 | 20,712 | 12,605 | 13,337 | 33,091 |
| 0.5-0.9 billion VND | 11,131 | 13,980 | 16,210 | 21,358 | 16,360 | 17,976 | 34,426 |
| 1-4.9 billion VND | 20,109 | 39,455 | 58,974 | 73,938 | 89,397 | 96,259 | 130,959 |
| 5-9.9 billion VND | 4,604 | 8,953 | 20,530 | 25,258 | 36,310 | 45,960 | 43,636 |
| 10-49.9 billion VND | 5,334 | 8,161 | 18,925 | 28,168 | 39,990 | 57,857 | 51,036 |
| 50-199.9 billion VND | 1,822 | 2,775 | 4,640 | 7,404 | 9,749 | 12,134 | 13,986 |
| 200-499.9 billion VND | 504 | 728 | 1,274 | 2,092 | 2,312 | 3,004 | 3,719 |
| >500 billion VND | 269 | 446 | 781 | 1,508 | 1,680 | 2,091 | 3,120 |
| Total | 60,101 | 84,817 | 133,096 | 180,438 | 208,401 | 248,616 | 313,972 |

Notes: ¹Number of enterprises: SOEs and non-SOEs; Non-SOEs: private, collective name, limited firm, a joint-stock company having a capital of the state, and joint-stock company without the capital state.

Source: Own calculations based on micro census.

Table 3.8: Descriptive statistics on NFHHBs in the North and South 2002-2017.

| Year | 2002-2004 | 2005-2007 | 2008-2009 | 2010-2011 | 2012-2013 | 2014-2015 | 2016-2017 |
|--------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| <i>North Vietnam</i> | | | | | | | |
| Number of establishments | 1,381,017 | 1,602,305 | 1,851,983 | 1,980,592 | 2,188,146 | 2,227,379 | 2,361,494 |
| Employees | 2,284,751 | 2,769,228 | 3,129,781 | 3,526,954 | 3,711,410 | 3,725,287 | 3,959,966 |
| <i>South Vietnam</i> | | | | | | | |
| Number of establishments | 1,367,458 | 1,764,646 | 2,075,423 | 2,200,074 | 2,395,789 | 2,485,704 | 2,664,734 |
| Employees | 2,471,128 | 3,211,921 | 3,752,742 | 3,958,375 | 4,131,263 | 4,241,148 | 4,460,244 |
| <i>Total</i> | | | | | | | |
| Number of establishments | 2,748,475 | 3,366,951 | 3,927,406 | 4,180,666 | 4,583,935 | 4,713,083 | 5,026,228 |
| Employees | 4,755,880 | 5,981,150 | 6,882,523 | 7,485,329 | 7,842,672 | 7,966,435 | 8,420,210 |

Source: Own calculations based on micro census.

4. Questionnaire design, Data collection, and Sample

This chapter presents questionnaire design, method of data collection, a sample of a dataset, and descriptive statistics of the sample, which contains 3,385 Vietnamese respondents from 21 universities and institutions nationwide by conducting a randomized and paper-based survey.

The survey comprises of questions covering eight main points:

- *Socio-demographic characteristics*
- *Entrepreneurship education*
- *Family background*
- *Business environment and policies*
- *Risk-taking attitude*
- *Youth's activities*
- *Career choice intentions and reasons*
- *Theory of planned behavior elements: entrepreneurship attitude, subjective norms, and perceived behavioral control*

4.1 Introduction

Vietnam allows for a unique comparison between entrepreneurship in the North and South because of the historical conditions in the two regions of the country. Historically, North Vietnam was characterized by having a centrally planned economy. Under this centrally planned economy, technology paths, product quality, and management principles were inferior (Fritsch, 2004). The low degree of technology application and old-fashioned management principles are often accompanied by a low level of competition (Fritsch, 2004; Fritsch & Wyrwich, 2014). The discouragement in the business environment resulted in a lower number of new firms as well as entrepreneurship activity (Runst, 2013). Moreover, human capital (e.g., knowledge and business skills) developed under the formerly communist ideology is inapplicable in market settings (Earle & Sakova, 2000; Lechner & Pfeiffer, 1993). In that environment, which discourages individual businesses and encourages working for SOEs, people may not have the knowledge and experience for exploiting and recognizing business opportunities (Brainerd, 1998). The absence of business skills and experience is another consequence of a lower level of new business formation in regions with lower institutional approval of entrepreneurship (Vaillant & Lafuente, 2007; Wyrwich et al., 2016).

By contrast, South Vietnam had a developed economy, in which individuals had the right to open their own businesses and sell their products in the market (Dana, 1994). In a region with the development of entrepreneurship activity, the movement toward entrepreneurship and an entrepreneurial spirit are spread across spaces and communicated among individuals (Audretsch & Fritsch, 2002). Furthermore, potential entrepreneurs have opportunities to learn from startups' experience and obtain skills from role models (e.g., prior entrepreneurs) (Minniti, 2005; Vaillant & Lafuente, 2007; Wyrwich et al., 2016). Even under colonialism, South Vietnam was characterized by industrial development and a high level of urbanization. High-technology industry is associated with high innovation and growth (Brenner & Fornahl, 2008). Urbanization and population growth have a positive influence on startup activity (Fritsch & Wyrwich, 2014; Reynolds et al., 1995).

Furthermore, as discussed in Section 3.4, North and South Vietnam developed differently with regard to entrepreneurship activity, new business formation, level of employment, urbanization, and venture capital investment. The historical differences in the two political-economic systems could be expected to lead to rather divergent entrepreneurial patterns in North and South Vietnam, but to date, this hypothesis has not been explored. Therefore, in order to understand the enduring effect of historical conditions on entrepreneurship activity in North and South Vietnam, we designed a questionnaire

and conducted a survey in the Vietnamese environment. The questionnaire focuses mainly on questions related to individuals' attitudes toward the Vietnamese business environment, entrepreneurial attitudes, intentions, and behaviors.

4.2 Questionnaire design

The questionnaire consists of seven parts. The first part includes respondents' socio-demographic characteristics and their assessments of entrepreneurship activity at their university. The second part comprises information about respondents' parental self-employment, the region where respondents, their parents, and grandparents were born and grew up, and the migration of their families as well. The third part contains self-reported responses to scales measuring various aspects of socialist values and attitudes. The fourth part contains risk-taking and lottery questions, which measure individuals' risk attitudes. The fifth part involves relevant questions to participants' Youth activities and the likelihood of being a member of the Communist Party. This part also includes questions on whether respondents' close family members (e.g., grandparents, father/mother, uncle/aunt, and brother/sister) is a member of the Communist Party. The sixth part contains career paths directly right after completion of studies and over the next five years after graduation, and reasons for their career choice intentions right after studies. The last part consists of three main components of the TPB (e.g., attitude, subjective norms, and perceived behavioral control), which are used to predict entrepreneurship intentions.

In the first part, we focus on socio-demographic attributes and entrepreneurship education at university. We asked participants about age, gender, marital status, nationality, ethnicity, religion, level of studies, the field of studies, years of studies, and taking part in entrepreneurship courses or workshops during studies. Regarding entrepreneurial climate at university, we adapted questions – a five-point-Likert-scale (1 = “strongly disagree” to 5 = “strongly agree”) from the Flash Eurobarometer (report Entrepreneurship in the European Union and Beyond) by the European Commission for the year 2012), and asked respondents to indicate their judgments regarding entrepreneurial education at their university, such as university helped them to develop their sense of initiative and a sort of entrepreneurial attitude, understand the role of entrepreneurs, made them interested in becoming an entrepreneur, and gave them skills and know-how on running a business.

In the second part, we asked about respondents' family background, for instance, parental self-employment (e.g., part-time or full-time, business inheritance, and the number of employees in their parental self-employment), the regions where respondents, their parents, and grandparents were born and grew up, and the migration of their families. Besides, we collected information on respondents' family members apart from their parents and close friends whether they have their own business.

In the third part, we employed socialist values and attitudes scales from [Heath et al. \(1994\)](#), a five-point-Likert-scale, ranging from 1 = “strongly disagree” to 5 = “strongly agree,” we also included options “don’t know” and “don’t want to answer.” Socialist values and attitudes are measured by three main concepts – collectivism and individualism, government intervention and free enterprises, and economic and political equality. Collectivism and individualism concept contains six items, government intervention and free enterprises includes five items, and economic and political equality comprises six items. Altogether, there are 17 items, and participants responded to each item on a 1 to 5 scale (see in more detail in Table 4.1).

The fourth part is a measurement of participants’ risk attitudes through two different types of questions that we adapted from [Block et al. \(2015\)](#). First, we asked respondents to state their willingness to take a risk on a ten-point-Likert-scale where 0 = “highly risk averse” and 10 = “fully prepared to take risk.” Second, we used a lottery case. It was supposed that they had won VND 500 million in a lottery, then they were told that they had a possibility to invest that money in an entrepreneurship activity, and they had a 50/50 chance of either getting back double or losing half of the amount invested. We asked them to rate how much money obtained from a lottery they would invest in entrepreneurial activity, rating from 0 to 100 percent.

In the fifth part, we asked about Youth activities, including the Ho Chi Minh (HCM) Communist Youth Union meeting, voluntary activities run by the Ho Chi Minh Communist Youth Union, and main reasons for participating in these activities (e.g., be active or engage in society, help poor people, meet new people, make new friends, uses professional knowledge in practice, and learn survival skills). Moreover, we asked respondents to indicate their willingness to become a member of the Communist Party on a five-point-Likert-scale ranging from 1 = “very unlikely” to 5 = “very likely.” Also, we included relevant questions to who is a member of the Communist Party in participants’ families (e.g., grandparents, father/mother, uncle/aunt, and brother/sister).

In the sixth part, participants were asked about their career paths directly right after and in the next five years after the completion of their studies. We gave them career path choices, such as an employee, a founder, a successor or others, we asked them to select one option for each point of time, following [Sieger et al. \(2016\)](#). Furthermore, in order to measure reasons for choosing career paths right after completion of studies, we adapted 17 items, which are rated on a five-point-Likert-scale (1 = “very unimportant” to 5 = “very important”) from [Sieger et al. \(2016\)](#) and [Carter et al. \(2003\)](#).

In the last part, we took into account three main elements of the TPB model, including attitude, subjective norms, and perceived behavioral control ([Ajzen, 1991](#)). Attitude towards entrepreneurship contains five items, and we asked respondents to respond to each item on a five-point-Likert-scale,

ranging from 1 = “strongly disagree” to 5 = “strongly agree.” Questions relating to subjective norms, we included two different types of batteries. Each of them consists of three items, which present three groups of reference people (parents/other family members, friends/fellow students, and important people): first battery, on a five-point-Likert-scale from 1 = “very negative” to 5 = “very positive, was used to measure the reaction of the external environment factors to the decision to pursue a career as an entrepreneur of respondents; second battery, on a five-point-Likert-scale from 1 = “not at all” to 5 = “very much,” was used for capturing the extent to which respondents pay attention to the opinion of their surroundings (family, friends, and important people). Questions regarding perceived behavioral control included a 7-item scale, ranging from 1 = “strongly disagree” to 5 = “strongly agree,” measuring individuals’ self-efficacy and controllability. All 17 items were based and adapted from Liñán and Chen (2009).

The questionnaire was translated into the Vietnamese language by professional language service and back-translated into English for checking by two independent translators with the socioeconomic background. We conducted then pre-testing surveys and in-depth personal interviews with the translated questionnaire on the target population with 24 Vietnamese students (including 12 Ph.D. (Doctor of Philosophy), two Master, and ten Bachelor students) and a Vietnamese entrepreneurship scholar. That made the translated questionnaire be clear, readable, understandable, and concise in the formulating. After the completion of the following steps above, the final version of the translated questionnaire was used in a real survey.

Table 4.1: List of variables in the questionnaire.

| Variable (s) | Coding |
|--|---|
| Socio-demographic characteristics | |
| Gender | 1 = male; 0 = female |
| Age | Age in years in 2018 |
| Marital status | 1 = married; 0 = single |
| Nationality | 1 = Vietnamese; 0 = others |
| Ethnicity | 1 = Kinh; 0 = others |
| Religion | 1 = Buddhist; 2 = Christian; 3 = others; 4 = no religious belonging |
| Level of studies | 0 = undergraduate; 1 = graduate; 2 = Ph.D/Doctorate; 3 = Post-doc/Researcher |

Table 4.1: List of variables in the questionnaire (continued).

| Variable (s) | Coding |
|---|--|
| Field of studies | 1 = art sciences; 2 = social sciences and media communication; 3 = medical, medicine and health sciences; 4 = computer sciences and IT (Information Technology); 5 = agriculture and veterinary medicine; 6 = humanities; 7 = laws/economics and business management; 8 = mathematics and natural sciences; 9 = engineering and architecture; 10 = others |
| Years of studies | Number of years |
| Entrepreneurship education at university | |
| My university helped me to develop my sense of initiative and a sort of entrepreneurial attitude. | 1 = strongly disagree; 5 = strongly agree |
| My university helped me to better understand the role of entrepreneurs in society. | 1 = strongly disagree; 5 = strongly agree |
| My university made me interested in becoming an entrepreneur. | 1 = strongly disagree; 5 = strongly agree |
| My university gave me skills and know-how on running a business. | 1 = strongly disagree; 5 = strongly agree |
| Have you ever taken a course or workshop related to entrepreneurship during your studies? | 1 = yes; 0 = no |
| Family background | |
| Is your father running his own business? | 1 = yes; 0 = no |
| Does he work in his business part-time or full-time? | 1 = full-time; 2 = part-time |
| Was the business inherited from your father's parents? | 1 = yes; 0 = no |
| Was your father self-employed when you were 15 years old? | 1 = yes; 0 = no |
| How many employees work in your father's business? | Number of employees |
| Is your mother running her own business? | 1 = yes; 0 = no |
| Does she work in her business part-time or full-time? | 1 = full-time; 2 = part-time |
| Was the business inherited from your mother's parents? | 1 = yes; 0 = no |
| Was your mother self-employed when you were 15 years old? | 1 = yes; 0 = no |
| How many employees work in your mother's business? | Number of employees |
| Does any close family member apart from your parents have an own business? | 1 = yes; 0 = no |
| Is there any close friend who has an own business? | 1 = yes; 0 = no |

Table 4.1: List of variables in the questionnaire (continued).

| Variable (s) | Coding |
|---|--|
| Region where... | |
| ... you were born: | |
| ... you grew up: | |
| ... your mother was born: | |
| ... your mother grew up: | |
| ... your father was born: | |
| ... your father grew up: | 1 = North; |
| ... your father of father was born: | 2 = North Central Coast; |
| ... your father of father grew up: | 3 = South Central Coast; |
| ... your mother of father was born: | 4 = South; |
| ... your mother of father grew up: | 5 = others |
| ... your father of mother was born: | |
| ... your father of mother grew up: | |
| ... your mother of mother was born: | |
| ... your mother of mother grew up: | |
| ... your family is living now: | |
| Did your family move from the North/North Central Coast to the South/South Central Coast? | 1 = yes; 0 = no |
| Did your family move from the South/South Central Coast to the North/North Central Coast? | 1 = yes; 0 = no |
| If yes, when did your family move? | 1 = before/in 1975; 2 = after 1975; 3 = don't know |
| Socialism values and attitudes | |
| The government should redistribute income from the better off to those who are less well off. | 1 = strongly disagree; 5 = strongly agree |
| Ordinary people get their fair share of the nation's wealth. | 1 = strongly disagree; 5 = strongly agree |
| Big business benefits owners at the expense of workers. | 1 = strongly disagree; 5 = strongly agree |
| There should be one law for the rich and one for the poor. | 1 = strongly disagree; 5 = strongly agree |
| Workers should have a lot of say in running their workplaces. | 1 = strongly disagree; 5 = strongly agree |
| Ordinary people do not have enough say in how the country is run. | 1 = strongly disagree; 5 = strongly agree |
| There is no need for strong trade unions to protect employees' working conditions and wages. | 1 = strongly disagree; 5 = strongly agree |
| Most people who are unemployed could get themselves a job if they really wanted one. | 1 = strongly disagree; 5 = strongly agree |
| Many people who get social security do not really deserve any help. | 1 = strongly disagree; 5 = strongly agree |
| It is the government's responsibility to provide a job for everyone who wants one. | 1 = strongly disagree; 5 = strongly agree |
| The welfare state makes people nowadays less willing to look after themselves. | 1 = strongly disagree; 5 = strongly agree |
| Government planning is essential to safeguard economic resources. | 1 = strongly disagree; 5 = strongly agree |
| The less governments intervene in the economy the better. | 1 = strongly disagree; 5 = strongly agree |
| Private enterprise is the best way to solve economic problems. | 1 = strongly disagree; 5 = strongly agree |
| Major public services and industries ought to be in state ownership. | 1 = strongly disagree; 5 = strongly agree |

Table 4.1: List of variables in the questionnaire (continued).

| Variable (s) | Coding |
|--|--|
| Socialism values and attitudes | |
| Some public services and industries are too important to be left to private enterprise. | 1 = strongly disagree; 5 = strongly agree |
| Nationalized industries are rarely as efficient as private industries. | 1 = strongly disagree; 5 = strongly agree |
| Risk-taking | |
| Are you generally a person who is fully prepared to take risks or do you try to avoid taking risks? | 0 = highly risk averse; 10 = fully to prepared to take risk |
| Imagine you have won VND 500 million in a lottery. How much money obtained from the lottery would you invest if with a probability of 50% you double, 50% you lose a half? | Percentage of invested money |
| Youth's activities | |
| Have you ever attended the HCM Communist Youth Union meeting? | 1 = yes; 0 = no |
| If yes, how often do you attend the HCM Communist Youth Union meeting per semester? | Number of times |
| Have you been engaged in voluntary activities run by the HCM Communist Youth Union (e.g., green summer campaign, the university entrance exam support program...)? | 1 = yes; 0 = no |
| If yes, how many times did you engage in voluntary activities since being a student? | Number of times |
| Reasons for engaging in activities | |
| The desire to be active/to be engaged in society. | 1 = yes; 0 = no |
| The desire to help others (poor people, physically-handicapped candidate...). | 1 = yes; 0 = no |
| The desire to meet new people/to make new friends. | 1 = yes; 0 = no |
| The desire to use professional knowledge in practice (teamwork skills, leadership skills...). | 1 = yes; 0 = no |
| The desire to learn survival skills in a hostile environment (heavy rains, flash floods, and landslides...). | 1 = yes; 0 = no |
| Others, please specify: | 1 = yes; 0 = no |
| How likely is it that you will become a member of the CP? | 1 = very unlikely; 5 = very likely |
| Grandparents is the CP. | 1 = yes; 0 = no |
| Father/mother is the CP. | 1 = yes; 0 = no |
| Uncle/Aunt is the CP. | 1 = yes; 0 = no |
| Brother/sister is the CP. | 1 = yes; 0 = no |
| No one is the CP. | 1 = yes; 0 = no |

Table 4.1: List of variables in the questionnaire (continued).

| Variable (s) | Coding |
|---|--|
| Career choice and intention | |
| As employee: | |
| ...in a small or medium-sized private firm (1-249 employees). | 1 = small and or medium-sized private firm |
| ...in a large private firm (>250 employees). | 2 = large private firm |
| ...in an SOE. | 3 = SOE |
| ...at a university/in academia. | 4 = university/academia |
| ...in the public service (e.g., for the state). | 5 = public service |
| As a founder: | |
| ...continuance in the firm I have already found. | 6 = self-employed (founded) |
| ...foundation of an own firm. | 7 = self-employed |
| ...start as a freelancer. | 8 = freelancer |
| ...foundation of a franchise company. | 9 = franchise |
| As successor: | |
| ...continuance of my parents'/relatives' firm (family firm). | 10 = family firm |
| ...take over a firm not controlled by my family. | 11 = takeover |
| Others: | |
| ...not professional career (e.g., traveling, family, etc.). | 12 = travelling |
| ...do not know (yet). | 13 = don't know |
| ...others. | 14 = others |
| Reasons for choosing a career path right after completion of studies | |
| Challenge myself. | 1 = very unimportant; 5 = very important |
| Realize my own dream. | 1 = very unimportant; 5 = very important |
| Grow and learn as a person. | 1 = very unimportant; 5 = very important |
| Earn a larger personal income. | 1 = very unimportant; 5 = very important |
| Financial security. | 1 = very unimportant; 5 = very important |
| Build business children can inherit. | 1 = very unimportant; 5 = very important |
| Continue a family tradition. | 1 = very unimportant; 5 = very important |
| Follow example of a person I admire. | 1 = very unimportant; 5 = very important |
| Be innovative, at the forefront of technology. | 1 = very unimportant; 5 = very important |
| Develop an idea for a product. | 1 = very unimportant; 5 = very important |
| Achieve something, get recognition. | 1 = very unimportant; 5 = very important |
| Gain a higher position for myself. | 1 = very unimportant; 5 = very important |
| Get greater flexibility for personal life. | 1 = very unimportant; 5 = very important |
| Be my own boss. | 1 = very unimportant; 5 = very important |
| Exploit a specific business opportunity that I recognized. | 1 = very unimportant; 5 = very important |
| Follow a social mission (for example: contribute to the social development). | 1 = very unimportant; 5 = very important |
| Follow an environmental mission (for example: contribute to the environmental development). | 1 = very unimportant; 5 = very important |

Table 4.1: List of variables in the questionnaire (continued).

| Variable (s) | Coding |
|--|---|
| Attitude towards entrepreneurship | |
| Being an entrepreneur implies more advantages than disadvantages to me. | 1 = strongly disagree; 5 = strongly agree |
| A career as an entrepreneur is attractive for me. | 1 = strongly disagree; 5 = strongly agree |
| If I had the opportunity and resources, I would become an entrepreneur. | 1 = strongly disagree; 5 = strongly agree |
| Being an entrepreneur would entail great satisfactions for me. | 1 = strongly disagree; 5 = strongly agree |
| Among various options, I would rather be an entrepreneur. | 1 = strongly disagree; 5 = strongly agree |
| Subjective norms (reactions of the external environment) | |
| Parents/other family members. | 1 = very negative; 5 = very positive |
| Friends/fellow students. | 1 = very negative; 5 = very positive |
| People important to me in general. | 1 = very negative; 5 = very positive |
| Subjective norms (attention to the opinion of the external environment) | |
| Parents/other family members. | 1 = not at all; 5 = very much |
| Friends/fellow students. | 1 = not at all; 5 = very much |
| People important to me in general. | 1 = not at all; 5 = very much |
| Perceived behavioral control | |
| To start a firm and keep it working would be easy for me. | 1 = strongly disagree; 5 = strongly agree |
| I am prepared to start a viable firm. | 1 = strongly disagree; 5 = strongly agree |
| I can control the creation process of a new firm. | 1 = strongly disagree; 5 = strongly agree |
| I know the necessary practical details to start a firm. | 1 = strongly disagree; 5 = strongly agree |
| I know how to develop an entrepreneurial project. | 1 = strongly disagree; 5 = strongly agree |
| If I tried to start a firm, I would have a high probability of succeeding. | 1 = strongly disagree; 5 = strongly agree |

4.3 Data collection

The target population of our study is Vietnamese students who are from a variety of majors, and different levels of studies at universities (either private or public ones), and institutions in Vietnam. We are interested in students because they may be considered as potential entrepreneurs in the future. Moreover, students are approaching a career choice intention, for example, an employee in a company, or an entrepreneur as a founder or successor, during studying or after the completion of studies (Fitzsimmons & Douglas, 2011; Solesvik et al., 2012). Furthermore, the Vietnam government is paying attention to students' entrepreneurship movements through supporting programs and promotion policies (see more detail in Chapter 3).

Recently (2017), there are 235 universities in Vietnam, of which 170 universities are public, and 65 ones are private. A total of 1,695,922 students throughout the country, of which 876,720 students study at universities in the North and 819,202 ones study at southern universities (GSO, 2018). We conducted a paper-based survey and randomly distributed the translated questionnaires to students at universities (either public or private ones) and institutions from September to October in

2018 in Vietnam. With the supports and cooperation of universities, institutions, faculties, colleagues, and students, we distributed the closed questionnaires during the class session. Afterward, we collected the distributed questionnaires within 30 minutes after distribution.

A total of 3,557 students, who completed the questionnaires, come from 21 universities nationwide, of which ten universities are located in the North and 11 universities are situated in the South. Of the total of 3,557 participants filling out the questionnaires, 1,494 students study at northern universities, and 1,891 study at southern ones. According to the collected data, Dalat University, which is located in the South, has the highest participants with 526, followed by the University of Transport Technology, which is located in the North, with 396 respondents (see Table 4.2). Table 4.2 also displays 21 participated universities and the number of respondents from each of those universities responded to our survey. The table shows the region, the city where the university is located in. Due to our target population as Vietnamese respondents, we excluded 10 participants, who are foreign students. We further excluded 162 respondents because of incomplete answers. Therefore, a final sample of 3,385 respondents was used for analyzing.

Table 4.2: Universities participated in the study.

| No. | University | N | Region | City | Approx. number of students (2018) |
|-------|---|-------|--------|--------|-----------------------------------|
| 1 | Academy of Finance | 141 | North | Hanoi | 20,000 |
| 2 | Academy of Journalism and Communication | 120 | North | Hanoi | 10,000 |
| 3 | Foreign Trade University (Hanoi) | 97 | North | Hanoi | 12,000 |
| 4 | Hanoi University of Science and Technology | 128 | North | Hanoi | 30,000 |
| 5 | National Economics University | 80 | North | Hanoi | 45,000 |
| 6 | University of Transport Technology | 396 | North | Hanoi | 21,000 |
| 7 | Vietnam National University (Hanoi) | 35 | North | Hanoi | 37,403 |
| 8 | Vietnam National University of Forestry | 244 | North | Hanoi | 10,445 |
| 9 | Vietnam National University of Agriculture | 195 | North | Hanoi | 30,360 |
| 10 | Banking Academy | 58 | North | Hanoi | 15,700 |
| 11 | Dalat University | 526 | South | Dalat | 12,500 |
| 12 | Duytan University | 265 | South | Danang | 19,600 |
| 13 | University of Economics HCMC | 32 | South | HCMC | 46,000 |
| 14 | HCMC University of Food Industry | 107 | South | HCMC | 14,000 |
| 15 | University of Finance and Marketing | 195 | South | HCMC | 20,000 |
| 16 | HCMC University of Technology and Education | 206 | South | HCMC | 20,396 |
| 17 | HCMC University of Transport | 147 | South | HCMC | 18,000 |
| 18 | Hutech University | 161 | South | HCMC | 12,000 |
| 19 | University of Economics and Law | 139 | South | HCMC | 9,000 |
| 20 | HCMC Medicine and Pharmacy University | 69 | South | HCMC | 8,500 |
| 21 | Ton Duc Thang University | 44 | South | HCMC | 23,286 |
| Total | | 3,385 | | | |

Notes: N = Number of observations; HCMC = Ho Chi Minh City. We treat North Central Coast as North, South Central Coast as South.

4.4 Descriptive statistics of the sample

Student demographics

The statistics show the distribution of the respondents' age. Of the total of 3,385 respondents, 1,693 students are the age group between 18-20 years old (50%), and 1,648 students belong to the age group between 21-23 years old (48.7%), the age group between 24-31 years old and over 31 years old are 43 (1.2%) and 2 (0.1%) respondents, respectively. The percentage of respondents participating in the survey is higher for females (56.1%) than for males (43.9%). The vast majority of the students responded to our survey is undergraduate with 99.9%, only 0.1% Ph.D. students.

Out of 3,385 survey respondents, 44.7% of them study in laws/economics and business management, 20.86% study in computer sciences and IT, 10.2% in engineering and architecture, 9% in other fields of studies, 6.8% in agriculture and veterinary medicine, 5.4% in social sciences and media communication, 2% in medical, medicine and health sciences, 0.6% in art sciences, 0.4% in mathematics and natural sciences, and 0.1% in humanities.

Regarding field of studies by gender, a higher percentage of male study in engineering and architecture (87.5%), computer sciences and IT (84.6%), art sciences (73.7%), while a majority of female study in mathematics and natural sciences (85.7%), laws/economics and business management (76.5%), humanities (66.7%), agriculture and veterinary medicine (59%), medical, medicine and health sciences (68.1%), social sciences and media communication (76.5%) compared to male.

Entrepreneurship education

The results report the percentage of students taking part in entrepreneurship courses/workshops during their studies. A total of 3,385 participants, of which 2,007 students with 59.3% participate in these entrepreneurship activities, whereas 1,378 (40.7%) do not take these courses/workshops. In terms of the gender of taking part in these activities, females are willing to engage in entrepreneurial courses and workshops, by comparison with males. There are 1,194 (59.5%) female students participating in learning skills and know-how on running a business, development of new ideas, and business opportunities during studies, in comparison to 813 (40.5%) male respondents.

With regards to entrepreneurship education and entrepreneurial climate at university, respondents partly agree with the statement "university gave skills and know-how on running a business," but they are undecided about the following statements "university made them interested in becoming an entrepreneur, helped them to better understand the role of entrepreneurs in society, to develop sense of initiative and a sort of entrepreneurial attitude."

Family background

The statistics show that there are 10.6% of the respondents whose fathers are self-employed, 8.3% of them have mother self-employment, and 7.5% of the participants in our sample have self-employed parents, while 73.6% of the students reported that their parents are not self-employed. Furthermore, the dataset reports the percentage of the respondents whose close family members are self-employed (15.5%), close friends are self-employment (17%), both close family and friend have own business (18.1%), and 49.5% of the students answered that their close family and friend do not have their own business. Also, the results indicate the percentage of different sizes of parents' business. A total of 891 self-employed parents (family businesses), of which 657 firms (73.7%) are micro firms (< 10 employees), there are 127 (14.3%) small-sized firms (10-20 employees), 74 (8.3%) small-sized firms (20-50 employees), 9 (1%) medium-sized firms (50-100 employees), 15 (1.7%) medium-sized firm (100-250 employees), and 9 (1%) large-sized firms (> 250 employees).

A sample of a total of 3,385 respondents, of which 1,315 students with 38.9% were born and grew up in the North, there are 331 (9.8%) respondents in North Central Coast, 979 (28.9%) students in South Central Coast, and 760 (22.5%) participants in the South.

Socialist values and attitudes

Economic and political equality

Concerning the average (mean) scores for the students' attitudes toward economic and political, a high score reflects a high level of agreement with the statement. The descriptive statistics show that the respondents rate higher scores (a value of around 4) on the items "workers should have a lot of say in running their workplace," and "there should be on law for the rich and one for the poor," while they rate low scores (a value of around 2) on the rest of the items, including "ordinary people do not have enough say in how the country is run," "big business benefits owners at the expense of workers," and "ordinary people get their fair share of the nation's wealth," but they are undecided about the statement "the government should redistribute income from the better off to those who are less well off."

Collectivism and individualism

With respects to attitude towards collectivism and individualism, the respondents rate high scores on the items "the welfare state makes people nowadays less willing to look after themselves," "many people who get social security do not really deserve any help," and "there is no need for strong trade unions to protect employees' working conditions and wages," while they rate a low score on the item

“most people who are unemployed could get themselves a job if they really want one,” but they are undecided about the statement “it is the government’s responsibility to provide a job for everyone who wants one.”

Government intervention and free enterprises

The statistics indicate that the students’ attitudes toward government intervention and free enterprises are higher ratings on “the less governments intervene in the economy the better,” and “government planning is essential to safeguard economic resources,” rather than on “nationalized industries are rarely as efficient as private industries,” “some public services and industries are too important to be left to private enterprise,” “major public services and industries ought to be in state ownership,” and “private enterprise is the best way to solve economic problems.”

Risk-taking

Respondents’ risk-taking attitude is ranging from one (“highly risk averse”) to ten (“fully prepared to take risk”). About 20.4% of the students in our sample indicated their willingness to take risks at level 7, 19.7% of the respondents leveled their risk-taking attitudes at level 8, followed by risk-taking at level 5 (18.2%), level 6 (10.2%), level 10 (9.5%), level 9 (6.6%), level 4 (5.5%), level 3 (4.4%), level (2.5%) 0, level 2 (2.2%), and level 1 (1%). Moreover, the dataset reports the number of students who decide the percentage of the amount invested in the investment lottery. There are 22.1% of the respondents invested 50% in the investment lottery, 18.9% of the participants decided to invest 70% in the investment lottery, 13.8% of them made 60%, followed by 11.5% invested 30%, 11% with 80%, 9.9% with 40%, 4.2% invested 20%, 3.6% of the respondents made 100%, 2.3% with 0%, 1.7% with 90%, and 1.2% with 10%.

Youth’s activities

The Ho Chi Minh (HCM) Communist Youth Union meeting

A total of 3,385 survey students, of which 2,119 (63.6%) respondents have ever attended the HCM Communist Youth Union meeting, while 1,215 (36.4%) participants do not take part in the meeting. In terms of the gender of participating in the HCM Communist Youth Union meeting, a higher percentage of females either have attended, or no attend the meeting, by comparison with males.

Voluntary activities

As dataset reported, more than half of the students have been engaged in voluntary activities run by the HCM Communist Youth Union (61.3%), 38.7% of them do not take part in these activities. A

higher percentage of respondents engaging in these voluntary activities are for females (58.5%) more than for males (41.5%). The statistics show that the main reason for engaging in voluntary activities of respondents is the desire to help others (e.g., poor people, physically handicapped candidate), followed by the desire to be active/to be engaged in society, meet new people/to make new friends, use professional knowledge in practice (e.g., teamwork skills, leadership skills), learn survival skills in a hostile environment (e.g., heavy rains, flash floods).

Willingness to become a member of the Communist Party

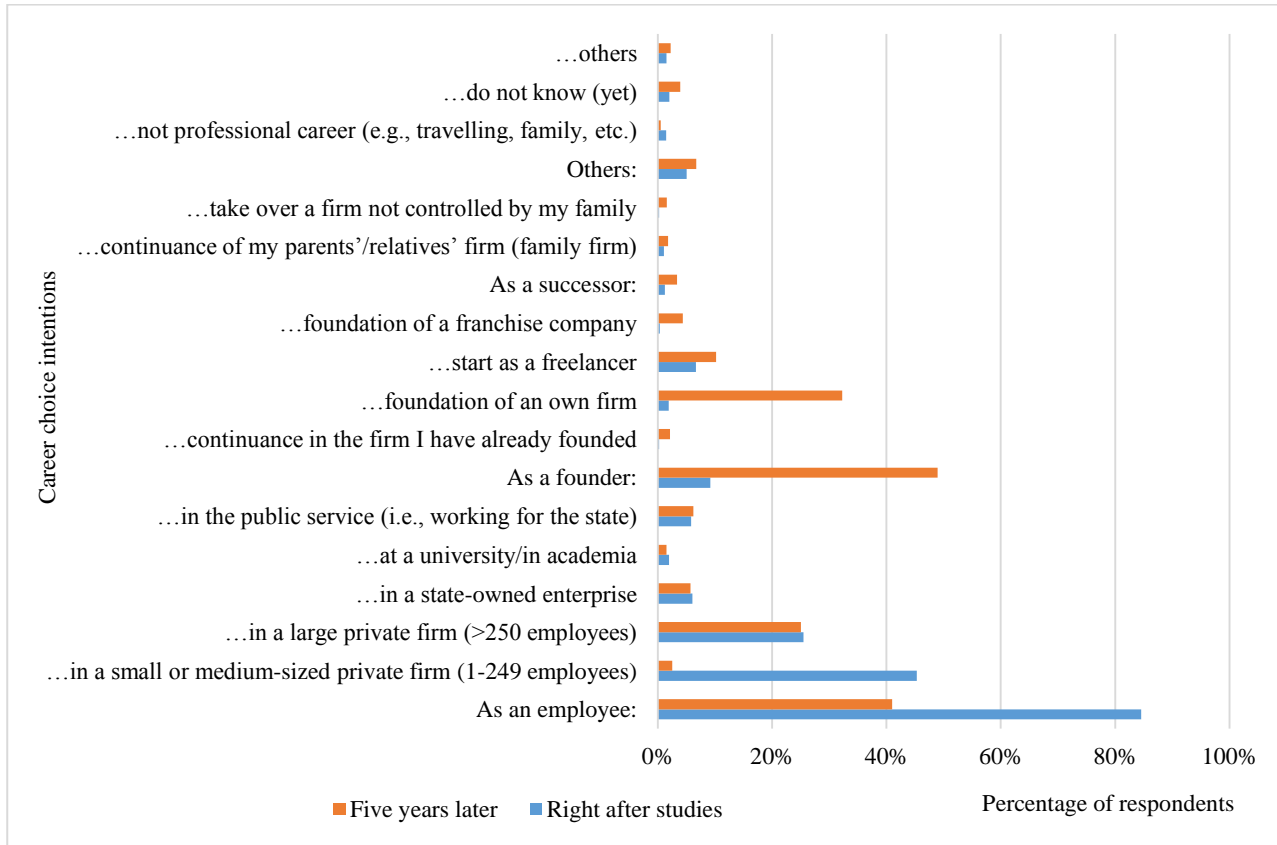
Also, the descriptive results display the percentage of respondents rating their willingness to take part in the CP. The distributions of the willingness peak around the middle value of the scale 3, that is, the majority of respondents is undecided about the probability of becoming a member of the CP (35.14%), 15.76% of the students are likely to step into the CP, 7.64% is very likely, 21.36% is unlikely, and 20.10% is very unlikely.

Career choice intentions

As shown in Figure 4.1, the percentage of students who intend to pursue their career as an employee in a small and medium-sized firm, in a large private firm, in an SOE, at a university/in academic, and in the public service (e.g., working for the state) is 45.3%, 25.5%, 6%, 2%, and 5.8% respectively. About 6.7% of the respondents are likely to start as a freelancer, and 1.9% start their own business, 2% do not yet about their career options, 1.1% of them intend to take over the family business.

However, the career choice intentions of respondents over the next five years looks different. Approximately 32.3 % of the respondents want to be an entrepreneur, 10.2% choose to start as a freelancer, and 4.4% decide to be a founder of a franchise company. About 1.8% of the participants report that they are willing to take over a family firm, and 1.6% want to take over an existing firm that is not controlled by their family. Interestingly, the percentage of students who intend to be an employee in a small-medium sized enterprise drops sharply from 45.3% to 2.5% in the next five years after the completion of studies. The proportion of students who prefer to be an employee in a large firm, in an SOE, at a university/in academia, and in the public service remains nearly unchanged with 25.1%, 5.7%, 1.5%, and 6.2%, respectively (Figure 4.1).

Figure 4.1: Career choice intentions directly right and five years after graduation.



Source: Own calculation.

The statistic also shows a clear picture of students’ career choice intentions directly right and five years after graduation. By comparison to year right after graduation, the percentage of respondents who intend to open a new venture creation is higher over the next five years. Approximately 9.2% of the students select their career as a founder after graduation, however, it increases dramatically to 49% five years later. By contrast, the percentage of students with choosing a career path as an employee decreases to 41% from 84.6%. With regard to career choice intentions across fields of studies, both directly right and in the next five years after graduation, the percentage of students with a willingness to start a new venture creation is higher than that of respondents with choosing to take over an existing firm.

There is a small difference in career choice decisions between males and females. A total sample of 1,444 male students, of which 142 (9.8%) choose their career as a founder, only 24 respondents with 1.7% select to take over a ready firm after they directly complete studies. Regarding female students’ career choice as a founder, about 8.7% of the respondents chose this option, and 1% of them intend to purchase an existing firm. However, in a five-year perspective, 52% of male participants

pursue a career path as a founder, 3.9% choose as a successor, while about 46.7% of female students intend to be a founder, and 6.6% of them want to buy an existing firm.

Career choice reasons

The descriptive statistics display that survey respondents place more importance on reason items for their career intentions: “get greater flexibility for personal life,” “be their own boss,” “financial security,” “grow and learn as a person,” “earn a larger personal income,” “realize their own dream,” and “challenge themselves.” While they emphasize low score on an item “continue a family tradition.”

Entrepreneurship attitudes, subject norms, and perceived behavioral control

Attitudes toward entrepreneurship

In regard to the average (mean) scores for the respondents’ attitudes toward entrepreneurship, a high score suggests that participants are oriented more internally than externally. The respondents in our sample rate a high score (a value of 4) on the statement, “if I had the opportunity and resources, I would become an entrepreneur,” while they are undecided about the rest of the items.

The reaction of the external environment

The reaction of the external environment factors, including parents/other family members, friends/fellow students, and important people to the decision to pursue a career as an entrepreneur of respondents, overall, there is a positive reaction of the external environment to a career path as a self-employed of the respondents. That is, the reactions of parents/other family members, friends/fellow students, and important people are importantly associated with the respondents’ decision on being an entrepreneur.

Attention to the opinion of the external environment

The statistics present the extent to which respondents care about the opinion of their surroundings, such as parents/other family members, friends/fellow students, and important people. Generally, students pay more attention to their parents’ and other family members’ opinions, rather than friends/fellow students’ views.

Perceived behavioral control

Concerning the mean scores for the respondents’ locus of control to start a new firm, a higher score implies that respondents have a higher level of perceived feasibility of entrepreneurship activity. Generally speaking, it seems that the participants in our sample are less confident about their own internality with regard to open a new venture business and keep it working.

5. Socialist legacy and entrepreneurship: The case of Vietnam⁴

This chapter studies the case of Vietnam to assess the role of institutional and historical legacy on entrepreneurship outcomes. In particular, we investigate the detrimental effect of socialist institutions on entrepreneurship. Vietnam offers a unique quasi-experimental setting because the country was divided into a socialist North and non-socialist South in 1955. The country was reunified in 1976 and the South adopted the institutional framework conditions of the North. To assess the relationship between socialist history and entrepreneurship in this unique setting, we survey more than 3,000 Vietnamese individuals. We find North-South differences in a variety of entrepreneurship outcomes, highlighting the long-lasting influence of historical differences in institutional framework conditions on entrepreneurship. Specifically, more than four decades after Vietnam's reunification North Vietnamese respondents have lower entrepreneurship intentions, are less likely to select into entrepreneurship education programs, and are less willing to engage in business takeover. These patterns indicate the persistence of a long-lasting influence of historical differences in institutional framework conditions on entrepreneurship. The long-run effect of socialism on entrepreneurship is apparently deeper than previously discovered in the prominent case of Germany, where differences in institutional treatment lasted for much longer and ended more recently.

⁴ This chapter is based on a working paper, which is cooperated with Jörn Block (Universität Trier), Christian Fisch (Universität Trier), and Michael Wyrwich (Rijksuniversiteit Groningen). The working paper is currently submitted to a journal.

5.1 Introduction

Institutions influence entrepreneurial intentions and activity (e.g., Welter, 2011). Therefore, many countries create policy initiatives to establish entrepreneurship-facilitating institutional framework conditions (e.g., Fritsch et al., 2019). While it is relatively easy to influence factors such as entry barriers in an entrepreneurship-friendly way (e.g., reducing the number of steps necessary to launch a venture), changing “soft” factors, such as mentality, values, and attitudes toward entrepreneurship is more challenging.

We study the case of Vietnam to test the role of institutional and historical legacy on entrepreneurship outcomes. Vietnam offers a unique quasi-experimental setting because the country was divided into North and South in 1955 and reunified in 1976. While the North turned into a socialist regime, South Vietnam leaned toward the Western world. After the devastating Vietnam War (1955–1975), the country was reunited, and the South adopted the institutional framework conditions of the North. Hence, the people in North Vietnam endured socialist treatment intensity for approximately 20 years longer than did those in South Vietnam.

In recent decades, the regime has promoted market-oriented reforms that increased the scope for entrepreneurial activity. The changes in the formal framework conditions have been the same in North and South Vietnam (e.g., Tran, 2019). Prior to these changes, Vietnam’s economic and social policy was severely anti-entrepreneurial (e.g., Tran, 2019; Walder & Nguyen, 2008) and comparable to those of other socialist regimes (e.g., Earle & Sakova, 2000; Pickel, 1992; Wyrwich, 2013a). Schwartz and Bardi (1997), for example, find that such policies imply the emergence of anti-entrepreneurial values among the exposed population. Hence, the approximately 20-year-longer socialist treatment among North Vietnamese people implies a less pro-entrepreneurial attitude relative to that of South Vietnamese people. A large body of literature argues that such mental dispositions can persist, despite changes in the formal institutional framework (e.g., Nunn, 2009; Stuetzer et al., 2016; Williamson, 2000).

To assess the relationship between socialist history and entrepreneurship in the unique setting of Vietnam, we survey more than 3,000 individuals in Vietnam. If formal framework conditions rather than informal institutions drive entrepreneurship, then North-South differences regarding entrepreneurship should have vanished soon after reunification and should not persist today (e.g., more than 40 years after reunification). However, we find that the difference in socialist treatment is still visible in a variety of entrepreneurship outcomes, even more than 40 years after the reunification of Vietnam in 1976 and subsequent similarity in the institutional framework conditions of the North and South. In summary, North Vietnamese respondents less likely intend to start a new venture over the

next five years. Additionally, they are less likely to enroll in entrepreneurship education programs. Another interesting finding is that North Vietnamese respondents are also less willing to engage in succession and take over an existing business. Overall, these findings highlight the long-lasting influence of historical differences in institutional framework conditions on entrepreneurship.

Given the experimental conditions of our setting (e.g., the formal framework conditions are “fixed”), our findings suggest that informal institutions such as differences in attitudes and values towards economic behavior determine entrepreneurship. Another feature of our setting is that we focus on students who were born long after reunification and have therefore not been exposed to the period with different institutional treatment in the past. Thus, our experimental setting allows us to isolate the intergenerational transmission effect of mentality and attitudes. Furthermore, by focusing on students who are not yet integrated into the labor market, we can rule out that unobserved labor market characteristics and selection of people into certain occupations drive our findings. The same holds for external influences on socialization. [Aldrich and Kim \(2007\)](#) argue that this is accompanied by a higher chance that significant events over the life course disrupt the linked lives of kids and parents. This, in turn, makes it likely that events outside the family context play a role in the entrepreneurial choices of the children of entrepreneurs.

We contribute to the literature in several ways. First, our study enhances the understanding of the long-term effects of socialism (e.g., [Aidis et al., 2008](#); [Alesina & Fuchs-Schündeln, 2007](#); [Wyrwich, 2013a](#); [Xu et al., 2014](#)). In this regard, we also discuss the unique opportunities offered by the case of Vietnam for studying the role of historical legacies on entrepreneurial outcomes (e.g., [Tran, 2019](#)). To date, studies on the relationship between socialism and entrepreneurship have mostly focused on Europe. In Europe, socialist legacy in East Germany and Eastern Europe may explain differences in entrepreneurship compared to Western Europe after the collapse of communism in 1989–1990. Vietnam was reunified in 1976 as a socialist country after a period of separation of only 21 years in which the North had been exposed to socialism, but the South had not. Thus, the period of socialist treatment in Vietnam was much shorter than that in Europe, where socialism in the East lasted for approximately 40 years. Thus, the case of Vietnam provides information on whether socialist legacy still matters for entrepreneurship outcomes when differences in exposure are relatively small and go further back in history. We also add to the literature on the institutional dimension of entrepreneurship education (e.g., [Walter & Block, 2016](#)) and to the literature on intergenerational transmission of entrepreneurship (e.g., [Chlosta et al., 2012](#); [Laspita et al., 2012](#); [Zellweger et al., 2011](#)), which is an important antecedent for the emergence and persistence of entrepreneurship culture. Finally, we show whether and how history contributes to explaining entrepreneurial phenomena in emerging economies (e.g., [Chang & Wu, 2014](#); [Santarelli & Tran, 2013](#); [Tran, 2019](#)).

Our findings have several practical implications. First, we document the long-lasting impact of institutional differences on entrepreneurship. The short-term oriented policies for promoting entrepreneurship are unable to reverse long-term historical and institutional legacies. Instead, a long-term-oriented policy is required to overcome the long shadow of history. There are also implications for theory. The role of environmental context in entrepreneurial outcomes should be a central element to any practically relevant theory. Therefore, the role of context extends beyond general factors such as location factors, including industry and market structures or local demand conditions. The history of places also matters. Any theory ignoring historical legacies in entrepreneurial decision making is ill-advised. Third, there are managerial implications. Owners of small firms with an entrepreneurial drive may find it difficult to attract talented people from regions with a history of inhibiting entrepreneurship, despite the fact that such people would be a great match based on their job skills. At the same time, the perspective of these employees could increase a company's diversity and development. In countries such as Vietnam but also for the whole of Eastern Europe (e.g., East vs. West Germany) and practically in all places with immigrants from former socialist countries, attracting talented people who have been exposed to an entrepreneurship-inhibiting environment is a major challenge that may be tackled by public-private programs (e.g., support for presence of SMEs and entrepreneurs at career weeks of universities). In a similar vein, universities that aim to promote their third mission of technology transfer via entrepreneurship need to design their entrepreneurship programs in a way that also attracts students socialized in an entrepreneurship-inhibiting context. The findings on business succession are also interesting because they suggest that the prevalence of entrepreneurs is not sufficient to creating persistent entrepreneurship or the emergence of an entrepreneurial culture that is self-perpetuating. Apparently, family role models in North Vietnam do not spur such a process to a large degree.

5.2 Theory, context, and hypotheses

5.2.1 Theory and prior research

Institutions and entrepreneurship

A large body of research has studied the role of institutions in entrepreneurship (e.g., [Baumol, 1990](#); [Elert et al., 2017](#); [Sobel, 2008](#)). Many studies have focused on the impact of *formal* framework conditions on entrepreneurship, which is typically understood as the formal “rules of the game” such as laws, regulations, and constitutions (e.g., [North, 1990, 1994](#)). A typical example of such rules affecting entrepreneurship is entry regulation ([Djankov et al., 2002](#)).

Interest in this type of research has increased because changes in formal conditions can be easily implemented by political action. However, despite policy changes and entrepreneurship-promotion programs, mounting empirical evidence suggests persistent place-based differences with respect to entrepreneurial activity. These differences are partially grounded in regional differences in mentality and entrepreneurial attitudes, which are related to the societal approval of entrepreneurship (e.g., [Fritsch et al., 2018](#); [Glaeser et al., 2015](#); [Stuetzer et al., 2016](#)). The societal approval of entrepreneurship is a typical example of an *informal* (“soft”) institution, which comprises norms, conventions, codes of behavior, and the conduct of society (e.g., [North, 1990, 1994](#)). The finding that formal institutional changes do not reverse or cancel out the influence of historically determined informal institutions on entrepreneurship has created an increased research interest in the latter (e.g., [Boettke & Coyne, 2009](#); [Elert et al., 2017](#)). The available evidence suggests that there are long-lasting place-based differences in the approval of entrepreneurship or the “social legitimacy of entrepreneurship” ([Etzioni, 1987](#)).

Role models play an important role in establishing the social legitimacy of entrepreneurship (for a vivid conceptualization of this process, see [Andersson and Koster \(2011\)](#)). These mechanisms are also antecedents of well-established conceptual approaches to harnessing entrepreneurship, such as entrepreneurship culture (e.g., [Beugelsdijk, 2007](#); [Fritsch & Wyrwich, 2017](#); [Huggins & Thompson, 2019](#)), entrepreneurial ecosystems (e.g., [Acs et al., 2014](#); [Spigel, 2017](#); [Stam, 2015](#)), entrepreneurship capital ([Audretsch & Kelbach, 2004](#)), and social capital ([Westlund & Bolton, 2003](#)). All approaches have in common that there is a local “entrepreneurial climate” that stimulates entrepreneurship. Altogether, the informal approval of entrepreneurship is an important building block of this entrepreneurial climate.

Socialism and entrepreneurship

The introduction of socialism in a country entails both formal and informal institutional ramifications. For example, socialism typically includes the establishment of anti-entrepreneurial formal institutions that trigger low informal approval of entrepreneurship over time. [Schwartz and Bardi \(1997\)](#) describe how socialism crowds out a value orientation for autonomy, which is crucial for entrepreneurship (e.g., [Taylor, 1996](#); [Van Gelderen & Jansen, 2006](#)). Additionally, socialism is associated with negative informal values toward private business, a lack of property rights enforcement, an exploiting government inference, and corruption with negative consequences for the development of the private sector (e.g., [Aidis et al., 2008](#); [La Porta et al., 1999](#); [Puffer & McCarthy, 2001](#)). As a result, a negative link between socialist heritage and entrepreneurship is well documented for a variety of countries (e.g., [Aidis et al., 2008](#); [Alesina & Fuchs-Schündeln, 2007](#); [Wyrwich, 2013a](#)).

Based on the available theory and evidence, we conclude that the origin of institutional approval of entrepreneurship is place-specific. Additionally, low regional institutional approval due to historical development should negatively impact the entrepreneurial intentions of respondents socialized in these places compared to respondents from areas with higher institutional approval of entrepreneurship.

We will focus on the second conclusion in the empirical part of the paper by examining a case where a “natural historical experiment” shaped approval of entrepreneurship differently across regions while the supra-regional formal institutional framework today is the same in both regions. Our examination starts with a careful description of the historical development of our case (e.g., Vietnam).

5.2.2 Context: Vietnam

Following Vietnam’s initial division after the First Indochina War in 1954, two socioeconomic systems began operating side by side. In the North, the ‘Democratic Republic of Vietnam’ was under socialist rule and followed the models of the Soviet Union and China. In the South, the non-socialist ‘Republic of Vietnam’ was supported by the US and influenced by prior French colonial rule. After the socialist North won the devastating Vietnam War (1955–1975), Vietnam was reunified under socialist rule in 1976. The newly established ‘The Socialist Republic of Vietnam,’ which persists until today, is ruled by the Communist Party of Vietnam and initially utilized a central-planning system. Hence, the formerly non-socialist South adopted the institutional framework conditions of the socialist North in 1976, in contrast to other settings, such as Germany, which was reunified under non-socialist rule (e.g., [Wyrwich, 2013a](#)).

From 1976 until 1986, the now socialist Vietnam was characterized by a governmental focus on the development of heavy industry and agriculture. Vietnam was dominated by SOEs, and the private sector was almost non-existent ([Han & Baumgarte, 2000](#)). In 1986, Vietnam began to transition from a planned economy to a market economy with the introduction of the Doi Moi (“renovation”) reforms. In contrast to other planned economies, Vietnam’s transition process was gradual and characterized by a wait-and-see approach (e.g., [Tran, 2019](#); [Walder & Nguyen, 2008](#)). Instead of abruptly privatizing SOEs, Vietnam prompted SOEs to begin operating under market conditions to increase their efficiency and ensure their survival ([Tran, 2019](#)). In the following years, Vietnam gradually reduced the privileged treatment of SOEs and began to dissolve them. As part of this transition, private ownership was allowed. The introduction of an “Enterprise Law” in 2000 was a crucial enabler for entrepreneurship in Vietnam, which was previously prohibited. Since then, the number of private enterprises increased significantly, from 400 in 2000 to more than 250,000 in 2010 ([Tran, 2019](#)).

Today, the Communist Party of Vietnam labels Vietnam as a “socialist-oriented market economy.” Economically, Vietnam has almost fully transitioned to a market economy. Foreign trade and the labor market are fully liberalized, SOEs are partly privatized, private enterprises are an important contributor to the Vietnamese economy, and Vietnam is a member of the World Trade Organization (Tran, 2019). Politically, however, Vietnam is still socialist. The Communist Party of Vietnam is the sole political actor and maintains a unitary government with centralized control, and socialism is the official political ideology. This is also reflected in the education system, where political subjects are compulsory courses (e.g., Marxist-Leninist philosophy, Marxist political economics) that students have to pass prior to graduating.

Vietnam’s transition process shares many features with that of China, where market reforms began in 1982 (e.g., Tran, 2019; Walder & Nguyen, 2008). In contrast to other transition economies, both countries were relatively successful in transitioning to market-based economies, as evidenced by steady GDP growth (Tran, 2019). Both countries further stand out with regard to the continuity of their political institutions. However, a distinct difference is China’s focus on attracting multinational companies, while Vietnam’s transition was backed by the rise of local, private companies (e.g., Tran, 2019; Walder & Nguyen, 2008). While SOEs continue to be flagships of China’s economy, entrepreneurial ventures play a crucial role in Vietnam’s transition to a market economy (Nguyen & Rose, 2009).

Given Vietnam’s historical diversity regarding the influence of socialism, Vietnam offers a unique quasi-experimental setting that allows us to explore the influence of socialist heritage in a nuanced way. Various studies have assessed the effect of socialism on entrepreneurial intentions and attitudes based on the case of Germany (e.g., Bauernschuster et al., 2012; Lechner & Pfeiffer, 1993). Germany was divided for 40 years into the non-socialist West and the socialist East. After Germany’s reunification in 1990, the same formal institutional framework became effective in both parts of the country. Studies have documented the persistence of East-West differences regarding entrepreneurship more than two decades after reunification (e.g., Wyrwich, 2013a). In our Vietnamese setting, the (different) exposure to socialism only endured for 21 years, and re-unification had already taken place in 1976. In contrast to Germany, this allows us to test the effect of a significantly shorter treatment intensity. Since the reunification was 15 years earlier than that in Germany, we can also investigate a larger temporal distance to the treatment with current data. Put differently, the case of Vietnam is more “extreme” than those of other countries, and finding a socialist treatment effect under these conditions suggests that socialist legacy can endure much longer than we know from previous research, despite much shorter treatments compared to that in previous research.

5.2.3 Hypotheses: socialist heritage and entrepreneurship in Vietnam

Socialist heritage and entrepreneurial intentions

Various conceptual approaches explain how the informal societal approval of entrepreneurship shapes an individual's entrepreneurial intentions and, ultimately, his/her entrepreneurial activity.

The role model approach (e.g., [Andersson & Larsson, 2016](#); [Bosma et al., 2012](#); [Chlosta et al., 2012](#); [Kacperczyk, 2013](#); [Minniti, 2005](#); [Nanda & Sørensen, 2010](#); [Sorenson, 2017](#)) argues that entrepreneurship intentions emerge via social interaction with entrepreneurs at the local or micro level. Social interaction with entrepreneurs implies learning about entrepreneurial tasks through demonstration and peer effects. Consequently, if there are only a few entrepreneurs in the local environment because of low institutional approval, the capacity of entrepreneurial role models to unfold and promote entrepreneurial intentions is also low. Additionally, low institutional approval may also decrease the “willingness” of individuals to socially interact with or learn from existing entrepreneurs. Low approval may also reduce demonstration and peer effects. In this regard, [Wyrwich et al. \(2016\)](#) show that knowing an entrepreneur has a lower impact on promoting entrepreneurial attitudes among respondents who have been exposed to socialism, one of the most entrepreneurship-hostile economic systems in history ([Earle & Sakova, 2000](#)).

North Vietnam has been under the socialist rule since 1955, while South Vietnam became socialist in 1976. In essence, the socialist treatment in North Vietnam lasted 21 years longer than that in the South. Since exposure to socialist ideology negatively affects entrepreneurial intentions, people from South Vietnam should have higher entrepreneurial intentions relative to people from the North. We expect these differences to persist beyond the generation of people, who directly experienced the period before 1976. If this is true, people born after 1976 but who were raised and socialized in either North or South Vietnam should be different with respect to their perception of entrepreneurship and entrepreneurship intentions.

H1: *Individuals from North Vietnam have lower entrepreneurial intentions than individuals from South Vietnam.*

Socialist heritage and entrepreneurship education

Another crucial pillar of entrepreneurship is entrepreneurship education. In the hopes of fostering entrepreneurship, policymakers frequently invest in entrepreneurship education at the university level (e.g., [Brush et al., 2003](#); [Katz, 2003](#)). Studies indeed have suggested that entrepreneurship education is able to foster entrepreneurial activity (e.g., [Kautonen et al., 2015](#); [Rauch & Hulsink, 2015](#)). [Walter](#)

and Block (2016) find that the positive relationship between entrepreneurship education and the subsequent entrepreneurial activity of entrepreneurship education is particularly pronounced in entrepreneurship-hostile institutional environments.

While these studies have focused on the effect of entrepreneurship education on entrepreneurship, we argue that there is a selection effect involved. If people from North Vietnam have lower entrepreneurial intentions due to their socialization as hypothesized in the previous section, they should also reveal a lower willingness to learn about entrepreneurship. Therefore, we expect individuals in North Vietnam to engage less often in entrepreneurship courses than their South Vietnam counterparts.

H2: *Individuals from North Vietnam are less likely to participate in entrepreneurship education programs than are individuals from South Vietnam.*

Socialist heritage and the intergenerational transmission of entrepreneurship

In addition to the role model approach, the vast literature on intergenerational transmission of entrepreneurship is helpful for understanding the persistent effect of informal institutional approval of entrepreneurship and the formation of entrepreneurial intentions (e.g., Chlosta et al., 2012; Laspita et al., 2012; Lindquist et al., 2015; Wyrwich, 2015). Parents can influence their children via certain parenting practices and by transmitting their value orientation (e.g., Aldrich & Kim, 2007; Dohmen et al., 2011). Furthermore, children observe their parents' entrepreneurial behavior and their day-to-day business activity. These mechanisms foster the internalization of the norms of entrepreneurial behavior that are conducive to the development of a preference for entrepreneurial behavior.

The parental transmission of values is part of the socialization process. This idea is also guided by approaches that demonstrate the role of family socialization in the transmission of norms and values (e.g., Bisin & Verdier, 2000, 2001; Doepke & Zilibotti, 2008; Tabellini, 2008). We understand values as "...deeply held convictions about religious or moral principles or beliefs about the long-run consequences of alternative patterns of behavior that likely apply to everyone", which are crucial for preference formation (Tabellini, 2008). In the approach of Bisin and Verdier (2000, 2001), for example, parents experience an increase in utility when they can increase the wellbeing of their offspring. This is referred to as paternalistic altruism. Parents can exert socialization effort (e.g., spending time with their children), with one purpose of doing so being the desire to instill in their children their own values, based on the assumption that their value system is the best one for their children, which is referred to as imperfect empathy. The authors also argue that non-family socialization occurs in the local environment. Hence, overall socialization is affected by family and local influences.

Against this background, we assume that entrepreneurial parents (or close family members) in regions with a low institutional approval of entrepreneurship are willing to transmit their value orientation also to their offspring. However, the environmental context may imply that their emphasis on transmitting the entrepreneurial components of their value profile is lower. For example, if they experience resistance toward their own activity, then this may discourage their effort to instill entrepreneurial preference among their children to spare them the same experience in the future. Even if this is not taking place, a low institutional approval of entrepreneurship in the local environment may offset parental efforts to instill entrepreneurial experiences in their children. As mentioned above, not only parents but also other local role models influence the entrepreneurial decision-making of individuals. If the social acceptance of entrepreneurship and the number of entrepreneurial peers in the local environment are low, then parental efforts might be thwarted. Therefore, the local environment is not complementary to parents' efforts but rather in conflict with social standards regarding entrepreneurship.

A low institutional approval of entrepreneurship may imply that children of entrepreneurs also show a lower willingness to learn about entrepreneurial task profiles from their parents. It was argued above that people exposed to socialist regimes show a lower willingness to develop and learn entrepreneurial skills (see also Wyrwich et al., 2016). Altogether, we expect that people in regions with a low institutional approval of entrepreneurship also reveal a lower willingness to run a venture when their parents are self-employed compared to people with role models in their environment in areas with higher institutional approval. The same applies to business succession, and the arguments are similar. Therefore, we hypothesize the following:

H3a: *Individuals from North Vietnam who are exposed to the entrepreneurial experiences of their parents or close family members have a lower willingness to start new ventures than individuals from South Vietnam with such experience.*

H3b: *Individuals from North Vietnam who are exposed to the entrepreneurial experiences of their parents or close family members have a lower willingness to engage in business succession than individuals from South Vietnam with such experience.*

5.3 Data and variables

5.3.1 Survey design and data collection

We developed a paper-based survey to collect primary data on the effect of socialist legacy on entrepreneurship outcomes in Vietnam.

Since we are primarily interested in younger individuals who have not been directly exposed to socialism, students serve as our target population. While the use of student samples is often criticized, student samples can be appropriate under certain circumstances. In particular, prior research has indicated that student samples are particularly useful and adequate when studying entrepreneurship intentions (e.g., [Hsu et al., 2019](#); [Hsu et al., 2017](#); [Krueger et al., 2000](#)). This is because experienced entrepreneurs have already transformed their entrepreneurship intent to actual behavior, which makes it difficult to assess the impact on intentions in retrospect ([Liñán & Chen, 2009](#)). In addition, starting or taking over a business is a realistic and relevant option for students, which is crucial for the validity of the results ([Zellweger et al., 2011](#)).

The questionnaire was developed in English and then professionally translated into Vietnamese. Before entering the field, we conducted a pre-test with 24 Vietnamese students (including 12 Ph.D. students) and a Vietnamese entrepreneurship scholar. In the pre-test, we collected and incorporated an extensive amount of feedback on all aspects of the survey.

We conducted the survey at Vietnamese universities in September and October 2018. A total of 3,557 students from 21 universities throughout Vietnam participated in the survey. The 21 universities include some of the country's largest institutions, such as the University of Economics Ho Chi Minh City, Vietnam National University (Hanoi), and Hanoi University of Science and Technology. Ten universities were located in the North, and 11 universities were located in the South of Vietnam. A detailed breakdown of the universities and the respondents per university is provided in Table 4.1 (see Chapter 4).

We excluded participants who were not Vietnamese, participants with missing values in variables of interest, and participants who did not indicate clear career choice intentions (e.g., [Walter & Block, 2016](#); [Zellweger et al., 2011](#)). Our final sample comprised of 3,010 respondents.

5.3.2 Variables

Dependent variables

To capture respondents' career choice intentions, we follow Zellweger et al. (2011) and use the intention scale employed in the "global university entrepreneurial spirits students' survey" (GUESSS). This established scale was specifically developed to capture the career choice intentions of students in a nuanced way. Based on the question "Which career path do you intend to pursue five years after the completion of studies?", respondents can choose among the responses of (1) employee, (2) founder entrepreneur, (3) successor, and (4) others (e.g., "no professional career," "don't know"). In

line with prior research, we exclude individuals who answered (4) ‘others’ because they do not have a clear career intention (e.g., [Walter & Block, 2016](#); [Zellweger et al., 2011](#)). Similar to [Zellweger et al. \(2011\)](#), we use a time lag of five years because entrepreneurs often work in a different company before starting or taking over their own business ([Brockhaus et al., 1986](#)).

We derive two dependent variables from this question. First, we create a dummy variable (‘*entrepreneurship intention*’) that takes a value of 1 if the respondent intends to pursue a career as a (2) founder entrepreneur or (3) successor and 0 if the respondent intends to pursue a career as an (1) employee. Second, among the individuals with entrepreneurship intentions, we capture respondents’ preference to take over an existing business vs. creating a new startup (‘*new venture startup vs. business takeover*’). The dummy variable takes a value of 1 if the respondent intends to pursue a career as a (3) successor and 0 if the respondent intends to pursue a career as a (2) founder entrepreneur.

As a third dependent variable, we capture whether the respondent received some form of entrepreneurship education during their studies via the question “Have you ever taken a course or workshop related to entrepreneurship during your studies?”. The dummy variable ‘*entrepreneurship course*’ is coded as 1 for yes and 0 for no. The question is derived from the European Commission’s Flash Eurobarometer (No. 354), “Entrepreneurship in the European Union and Beyond,” which is frequently used in prior entrepreneurship research ([Block et al., 2019](#); [Gohmann, 2012](#)).

Independent variable

To capture the impact of socialist legacy on entrepreneurship outcomes, we asked respondents to indicate whether they were born and grew up⁵ in North Vietnam (socialist) or South Vietnam (non-socialist). The dummy variable ‘*Origin: North Vietnam*’ takes a value 1 for respondents from North Vietnam and a value of 0 for respondents from South Vietnam.

Control variables

We control for a range standard of socio-demographic characteristics that shape entrepreneurship outcomes. These include age, gender, marital status, nationality, ethnicity, religion, level of studies, field of studies, and years of studies. All variables and their definitions are summarized in Table 5.1.

To capture respondents’ risk attitudes, we asked them to state their willingness to take risk on a ten-point-scale ranging from 0 (“highly risk-averse”) to 10 (“fully prepared to take risk”). This question is adapted from [Block et al. \(2015\)](#). Finally, we collect information on respondents’ family

⁵ We asked respondents to separately indicate (1) where they were born and (2) where they grew up. All of the respondents that were born in the North (South) also grew up in the North (South).

background, which is associated with the intergenerational transmission of socialist values in prior entrepreneurship research ([Wyrwich, 2015](#)). As such, we control for whether the respondent's father, mother, or other close family members were or are currently self-employed.

Table 5.1: Description of variables and descriptive statistics.

| Variable | Definition | N | Mean | SD | Min. | Max. | North (socialist) (N = 1,466) | South (formerly non- socialist) (N = 1,544) | Diff (t-test) |
|-----------------------------|---|-------|-------|------|------|------|-------------------------------------|--|------------------|
| <i>Independent variable</i> | | | | | | | | | |
| Origin: North Vietnam | Dummy, 1 if the respondent was born and grew up in North Vietnam, 0 otherwise (South Vietnam). | 3,010 | 0.49 | - | 0 | 1 | - | - | - |
| <i>Dependent variables</i> | | | | | | | | | |
| Entrepreneurship intention | Dummy, 1 if the respondent intends to pursue a career as an entrepreneur (founder or successor) five years after the completion of studies, 0 otherwise (employee). | 3,010 | 0.55 | - | 0 | 1 | 0.51 | 0.59 | -0.08*** |
| Entrepreneurship course | Dummy, 1 if the respondent has ever taken a course or workshop related to entrepreneurship during their studies, and 0 otherwise. | 3,010 | 0.60 | - | 0 | 1 | 0.55 | 0.64 | -0.09*** |
| Startup vs. takeover | Dummy, 1 if the respondent intends to takeover an existing business, and 0 the respondent intends to found a new venture startup. | 1,656 | 0.07 | - | 0 | 1 | 0.05 | 0.08 | -0.03** |
| <i>Controls</i> | | | | | | | | | |
| Age | Respondent's age. | 3,010 | 20.40 | 1.15 | 18 | 25 | 20.44 | 20.34 | 0.09** |
| Gender | Dummy, 1 if the respondent is male, 0 otherwise. | 3,010 | 0.44 | - | 0 | 1 | 0.42 | 0.45 | 0.03 |
| Ethnicity (Kinh) | Dummy, 1 if the respondent is of Kinh ethnicity, 0 otherwise. | 3,010 | 0.95 | - | 0 | 1 | 0.94 | 0.97 | -0.03*** |
| Religion: Buddhist | Dummy, 1 if the respondent is Buddhist, 0 otherwise. | 3,010 | 0.18 | - | 0 | 1 | 0.11 | 0.24 | -0.13*** |
| Religion: Christian | Dummy, 1 if the respondent is Christian, 0 otherwise. | 3,010 | 0.06 | - | 0 | 1 | 0.02 | 0.09 | -0.07*** |
| Religion: None | Dummy, 1 if the respondent has no religious affiliation, 0 otherwise. | 3,010 | 0.76 | - | 0 | 1 | 0.87 | 0.65 | 0.22*** |
| Religion: Other | Dummy, 1 if the respondent has another religious affiliation, 0 otherwise. | 3,010 | 0.01 | - | 0 | 1 | 0.00 | 0.02 | -0.01*** |
| Study: Computer sciences | Dummy, 1 if the respondent's current field of studies is computer science, 0 otherwise. | 3,010 | 0.21 | - | 0 | 1 | 0.15 | 0.26 | -0.11*** |
| Study: Agriculture | Dummy, 1 if the respondent's current field of studies is agriculture, 0 otherwise. | 3,010 | 0.07 | - | 0 | 1 | 0.12 | 0.02 | 0.10*** |
| Study: Law/economics | Dummy, 1 if the respondent's current field of studies is law/economics, 0 otherwise. | 3,010 | 0.46 | - | 0 | 1 | 0.46 | 0.45 | 0.02 |
| Study: Engineering | Dummy, 1 if the respondent's current field of studies is engineering, 0 otherwise. | 3,010 | 0.11 | - | 0 | 1 | 0.13 | 0.08 | 0.05*** |
| Study: Others | Dummy, 1 if the respondent has another field of studies. | 3,010 | 0.17 | - | 0 | 1 | 0.13 | 0.20 | 0.07*** |
| Years of study | Respondent's total years of study. | 3,010 | 14.25 | 1.00 | 12 | 18 | 14.32 | 14.19 | 0.13*** |
| Close family self-employed | Dummy, 1 if a parent or close family member of the respondent is self-employed, 0 otherwise. | 3,010 | 0.49 | - | 0 | 1 | 0.49 | 0.50 | -0.01 |
| Risk-taking | Respondent's willingness to take risk on a ten-point-scale ranging from 0 ("highly risk-averse") to 10 ("fully prepared to take risk") | 3,010 | 6.49 | 2.25 | 0 | 10 | 6.49 | 6.49 | -0.01 |

Notes: Mean = mean value; S.D. = standard deviation; Min. = minimum; Max. = maximum. Significance levels: *** p < 0.01, ** p < 0.05, * p < 0.10. Values do not always add up to 1.00 due to rounding.

5.4 Results

5.4.1 Descriptive statistics and univariate analysis

Table 5.1 displays descriptive statistics and compares the mean values of individuals born and raised in North Vietnam (socialist) and South Vietnam (formerly non-socialist). Our North-South distribution is balanced: out of the 3,010 individuals in our sample, 1,466 were born and raised in North Vietnam (49%), and 1,544 were born and raised in South Vietnam (51%).

Dependent variables

Regarding respondents' career choice intentions, 55% of respondents intend to pursue a career as an entrepreneur (e.g., founder or successor) five years after the completion of their studies. In contrast, 45% of respondents intend to work as an employee. Among the 1,656 with entrepreneurship intentions, 7% of respondents intend to engage in business succession, while 93% intend to found a new venture. Significant differences exist between North and South Vietnamese: While 59% of South Vietnamese respondents have entrepreneurship intentions, only 51% of North Vietnamese respondents do. In general, the descriptive statistics show that North Vietnamese seem to perceive a career as an employee as more attractive than do South Vietnamese respondents.

In addition, 60% of our respondents indicated that they participated in a course at a university that was related to entrepreneurship. Again, the ratio is notably higher in the South (64%) than in the North (55%).

Finally, among the respondents with entrepreneurship intentions ($N = 1,656$), the intention to takeover an existing business (vs. founding a new venture startup) is also less pronounced in the North: 5% of respondents from the North intend to engage in business succession, in contrast to 8% in the South.

Overall, the North-South differences in the dependent variables (*entrepreneurship intention*, *entrepreneurship course*, and *startup vs. takeover*) are statistically significant ($p < .05$). The results indicate a higher interest in entrepreneurship among respondents from South Vietnam than among those from North Vietnam and simultaneously provide the first evidence of a negative impact of a more pronounced socialist history.

Control variables

Our respondents are 20 years on average and mostly female (56%). Ninety-five percent of our respondents are Kinh, which is the main ethnicity in Vietnam. While no major North-South differences

exist regarding gender and ethnicity, respondents from the North less often have a religious affiliation. Overall, 87% of respondents with North Vietnamese origin have no religious affiliation, in contrast to 65% of respondents from the South. Since anti-religion is a central tenet in socialism (Barro and McCleary, 2005), this finding may be a further outcome of the enduring socialist rule in North Vietnam.

The majority of our respondents study law or economics (46%), which partially explains the high number of students who had already taken entrepreneurship courses. The second-largest field of study is computer sciences (21%). On average, our respondents studied for 14 years (the typical number of school years before attending a university is 12 in Vietnam).

While no significant differences exist regarding respondent's willingness to take risks, 49% of respondents have self-employed parents or close family members. Interestingly, this value does not significantly differ between the South (50%) and the North (49%).

5.4.2 Main analysis

We perform multiple regression analyses to assess the impact of a North Vietnamese origin on different entrepreneurship outcomes. The main results regarding our hypotheses are displayed in Table 5.3, which shows logit coefficients with robust standard errors in parentheses. Table 5.2 provides a correlation matrix and variance inflation factors, which indicate that our main results do not suffer from multicollinearity problems.

Table 5.2: Correlations.

| Variable | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) | (13) | (14) | (15) | (16) | VIF |
|---------------------------------|--------|----------------|--------|-------|--------|--------|--------|--------|--------|-------|--------|--------|--------|-------|------|------|-------|
| <i>Independent variable</i> | | | | | | | | | | | | | | | | | |
| (1) Origin: North Vietnam | | | | | | | | | | | | | | | | | 1.15 |
| <i>Dependent variables</i> | | | | | | | | | | | | | | | | | |
| (2) Entrepreneurship intention | -0.08* | | | | | | | | | | | | | | | | 1.05 |
| (3) Entrepreneurship course | -0.10* | 0.04 | | | | | | | | | | | | | | | 1.04 |
| (4) Startup vs. takeover | -0.05 | - ^a | -0.01 | | | | | | | | | | | | | | 1.04 |
| <i>Controls</i> | | | | | | | | | | | | | | | | | |
| (5) Age | 0.04 | 0.00 | 0.00 | 0.01 | | | | | | | | | | | | | 5.84 |
| (6) Gender | -0.03 | 0.07* | -0.09* | 0.02 | 0.14* | | | | | | | | | | | | 1.53 |
| (7) Ethnicity (Kinh) | -0.06* | 0.01 | 0.01 | 0.01 | -0.03 | 0.04 | | | | | | | | | | | 1.08 |
| (8) Religion: Buddhist | -0.17* | 0.03 | 0.06* | 0.01 | -0.05* | 0.02 | 0.07* | | | | | | | | | | 16.29 |
| (9) Religion: Christian | -0.15* | 0.05* | 0.04 | 0.01 | 0.01 | -0.03 | -0.06* | -0.11* | | | | | | | | | 6.70 |
| (10) Religion: None | 0.25* | -0.06* | -0.08* | -0.02 | 0.04 | 0.00 | 0.00 | -0.81* | -0.44* | | | | | | | | 19.97 |
| (11) Study: Computer sciences | -0.13* | 0.05* | -0.07* | -0.04 | -0.10* | 0.41* | 0.10* | 0.05 | 0.02 | -0.04 | | | | | | | 2.24 |
| (12) Study: Agriculture | 0.21* | 0.02 | 0.02 | -0.01 | 0.13* | -0.02 | -0.06* | -0.01 | -0.03 | 0.03 | -0.14* | | | | | | 1.40 |
| (13) Study: Law/economics | 0.02 | -0.06* | 0.10* | 0.04 | -0.18* | -0.38* | 0.03 | -0.01 | -0.02 | 0.02 | -0.46* | -0.24* | | | | | 2.13 |
| (14) Study: Engineering | 0.08* | 0.01 | -0.09* | -0.04 | 0.25* | 0.31* | 0.06* | -0.06* | -0.03 | 0.07* | -0.18* | -0.09* | -0.32* | | | | 1.83 |
| (15) Years of study | 0.06* | -0.01 | -0.01 | 0.00 | 0.91* | 0.11* | 0.01 | -0.04 | 0.01 | 0.03 | -0.12* | 0.14* | -0.17* | 0.28* | | | 5.93 |
| (16) Close family self-employed | -0.01 | 0.10* | 0.07* | 0.16* | 0.01 | -0.02 | 0.08* | 0.05* | -0.02 | -0.03 | -0.01 | 0.03 | 0.03 | -0.04 | 0.04 | | 1.03 |
| (17) Risk-taking | 0.00 | 0.17* | 0.04 | -0.04 | 0.01 | 0.12* | -0.04 | 0.01 | 0.00 | 0.00 | 0.05* | 0.01 | -0.07* | 0.04 | 0.00 | 0.04 | 1.05 |

Notes: ^a = the takeover vs. new venture startup group only consists of individuals with entrepreneurship intention = 1. *** p < 0.01.

Table 5.3: Main analysis.

| Model | (1a) | (1b) | (2a) | (2b) | (3a) | (3b) |
|------------------------------|------------------------------------|------------------------------------|---------------------------------------|---------------------------------------|--|--|
| Hypothesis | H1 | H1 | H2 | H2 | H3 | |
| Method | Logistic regression | Logistic regression | Logistic regression | Logistic regression | Multinomial logistic regression | |
| Dependent variable | Entrepreneurship intention | Entrepreneurship intention | Entrepreneurship course at university | Entrepreneurship course at university | (1) Employee vs. (2) new venture startup | (1) Employee vs. (3) business takeover |
| Sample | Full sample | Full sample | Full sample | Full sample | Individuals with close family member SE | |
| Origin: North Vietnam | -0.337 (0.074)*** | -0.311 (0.080)*** | -0.389 (0.075)*** | -0.399 (0.081)*** | -0.403 (0.118)*** | -0.920 (0.251)*** |
| Age | | 0.049 (0.082) | | 0.059 (0.081) | -0.057 (0.130) | 0.188 (0.196) |
| Gender | | 0.172 (0.095)* | | -0.202 (0.094)** | 0.089 (0.140) | 0.911 (0.252)*** |
| Ethnicity: Kinh | | 0.048 (0.185) | | 0.073 (0.186) | -0.214 (0.340) | 0.106 (0.787) |
| Religion: Buddhist | | -0.116 (0.410) | | 0.178 (0.403) | 0.189 (0.749) | 0.018 (1.129) |
| Religion: Christian | | 0.231 (0.429) | | 0.185 (0.422) | 1.003 (0.788) | 1.051 (1.186) |
| Religion: None | | -0.202 (0.403) | | -0.112 (0.395) | 0.218 (0.741) | 0.023 (1.109) |
| Study: Computer sciences | | 0.038 (0.144) | | -0.123 (0.139) | -0.037 (0.215) | -1.199 (0.420)*** |
| Study: Agriculture | | 0.253 (0.181) | | 0.452 (0.181)** | 0.267 (0.258) | -0.387 (0.596) |
| Study: Law/economics | | -0.106 (0.111) | | 0.355 (0.111)*** | -0.130 (0.167) | -0.124 (0.327) |
| Study: Engineering | | 0.027 (0.166) | | -0.257 (0.164) | -0.184 (0.247) | -1.147 (0.540)** |
| Years of study | | -0.098 (0.096) | | -0.022 (0.095) | 0.080 (0.150) | -0.184 (0.236) |
| Close family self-employed | | 0.389 (0.076)*** | | 0.259 (0.076)*** | - | - |
| Risk-taking | | 0.144 (0.017)*** | | 0.047 (0.017)*** | 0.155 (0.026)*** | 0.054 (0.055) |
| Pseudo R2 | 0.005 | 0.037 | 0.007 | 0.030 | 0.037 | |
| Log Likelihood | -2,060.678 | -1,995.131 | -2,014.932 | -1,968.220 | -1,248.225 | |
| Obs. | 3,010 | 3,010 | 3,010 | 3,010 | 1,489 | |

Notes: Logits are displayed with robust standard errors in parentheses. Reference categories: Religion: Other, Study: Other.

*** p < 0.01, ** p < 0.05, * p < 0.10.

Model (1) of Table 5.3 focusses on H1 and uses ‘*entrepreneurship intention*’ as the dependent variable. The analysis compares individuals with entrepreneurship intentions (e.g., as a founder entrepreneur or successor) to individuals who intend to pursue a career as an employee. Since the dependent variable is dichotomous, we employ a logistic regression. The analysis considers the full sample of 3,010 individuals. Model (1a) only includes the independent variable ‘*Origin: North Vietnam*’ and shows a negative and highly significant ($p < .01$) effect of a North Vietnamese origin on entrepreneurship intentions. The highly significant effect persists when the control variables are entered in Model (1b) ($p < .01$). This finding supports H1 and shows that entrepreneurship intentions in North Vietnam continue to be significantly lower compared to those in the formerly non-socialist South Vietnam.

Model (2) of Table 5.3 focusses on an individual’s selection into entrepreneurship education (H2) and uses ‘*entrepreneurship course*’ as the dependent variable. Since the dependent variable is dichotomous, we use a logistic regression. Model (2) considers the full sample of 3,010 individuals. Model (2a) only includes the independent variable ‘*Origin: North Vietnam*’ and shows a negative and highly significant ($p < .01$) effect of a North Vietnamese origin on the likelihood of participating in an entrepreneurship-related course at university. The effect persists when the control variables are entered in Model (2b). This finding supports H2, which argues that respondents from North Vietnam are less likely to enroll in entrepreneurship-related activities such as entrepreneurship education.

Finally, Model (3) of Table 5.3 focusses on H3 and uses ‘*new venture startup vs. business takeover*’ as the dependent variable. Research on individual’s mode of entry into entrepreneurship (e.g., new venture startup vs. business succession) often distinguishes individuals from business-owning families and individuals from non-business-owning families since the possibility to engage in business succession depends on the availability of a business in the family environment (e.g., [Parker and Van Praag, 2012](#)). In this analysis, we, therefore, only consider those respondents who have a close family that is self-employed. This reduces our sample from 3,010 to 1,489 respondents. For testing H3, the sample restriction is not critical because we refer to a comparison between North and South Vietnamese with entrepreneurship experience among family members.

We estimate a multinomial logit model with three career choice outcomes: (1) employee (baseline), (2) new venture startup (founder entrepreneur), and (3) business takeover (succession). In line with our hypotheses, the results show that the North Vietnamese respondents have a significantly lower intention to start a new venture (Model 3a, $p < .01$) and to engage in business succession and take over an existing venture (Model 3b, $p < .01$) than do South Vietnamese respondents. Further, the

results indicate that the aversion of business succession seems to be more pronounced than the aversion of new venture startup. As such, business takeover seems to be particularly unattractive to respondents from North Vietnam.

5.4.3 Further analyses and robustness checks

Our main analysis suggests that a business takeover seems to be more unattractive to our respondents than a new venture startup. To assess this finding in more detail, we perform a subsample analysis that only considers individuals with entrepreneurship intentions and excludes individuals who intend to pursue a career in wage employment ($N = 1,656$). Hence, the dependent variable ‘*new venture startup vs. business takeover*’ takes a value of 1 if the respondent intends to takeover an existing business, and 0 if the respondent intends to found a new venture startup. The results are reported in Model 1 of Table 5.4. Model (1a) shows a negative relationship ($p < .05$). The negative effect persists when the control variables are entered in Model (1b), but slightly loses significance ($p < .10$). Overall, these results suggest that North Vietnamese respondents have a particular aversion to business succession.

The possibility of succeeding in a business usually depends on whether close family members own a business. Extending Model (1), we thus reduce our sample to individuals (a) with entrepreneurship intentions and (b) with close family members who are self-employed ($N = 892$). The results of this subsample analysis are displayed in Model (2). The results show that the negative association between a North Vietnamese origin and business succession persists even when only individuals with close family members in self-employment are considered. The effect is significant (Model 2a, $p < .05$) and persists when all control variables are entered (Model 2b, $p < .05$). This result further underlines the pronounced aversion to business succession among respondents from North Vietnam.

Our main analysis uses a sample of individuals who have close family members who are self-employed. As a further robustness check, we reestimate Model (3) of Table 5.3 using the full sample (e.g., including respondents who have no self-employed people in their close family). The results reported in Model (3) of Table 5.4 underline the robustness of the main results. The negative associations between a North Vietnamese origin and new venture startup as well as business takeover persist. Again, the negative effect is more pronounced in the case of business takeover.

Finally, our arguments and previous findings suggest that an interaction effect exists between origin (e.g., North Vietnam) and family environment (e.g., close family members are self-employed). As a second robustness check on H3, we re-estimate our main analyses and include an interaction between ‘*Origin: North Vietnam*’ and ‘*close family member self-employed.*’ Since both variables are

dummy variables, we construct a new set of variables that capture all possible combinations of the variables. The results are reported in Model (4) of Table 5.4. The reference category comprises individuals from South Vietnam who do not have any close family members who are self-employed. Compared to this reference category, individuals from South Vietnam with self-employed family members have entrepreneurship intentions that are significantly higher than those of individuals from North Vietnam. Furthermore, the results show that North Vietnamese respondents without close family members in self-employment have significantly lower entrepreneurship intentions than that of South Vietnamese respondents. This effect supports our main results and indicates that the positive effect of the family environment on entrepreneurship intentions is significantly larger in South Vietnam.

5.5 Discussion and conclusion

5.5.1 Discussion

We document the long-lasting influence of historical differences in institutional framework conditions on entrepreneurship. To the best of our knowledge, we are the first to make use of the quasi-natural experiment of Vietnam. While the Vietnamese setting is similar to the German case that was heavily studied in the past (e.g., [Wyrwich, 2013a](#)), important differences exist.

In Germany, both parts of the country reunited after four decades of separation, at which time Eastern Germany was exposed to socialism. There is evidence that exposure to socialism negatively impacts entrepreneurship in Eastern Germany (e.g., [Bauernschuster et al., 2012](#); [Wyrwich, 2013a](#)). The Vietnamese setting differs because it reflects a reverse situation. Here, the North and South reunited with the socialist institutional framework conditions being introduced in the South. In Germany, the framework conditions of the West-German-type market economy prevailed in the formerly socialist East. Our reverse setting is a testbed to assess whether the effect of socialism on entrepreneurship is specific to Germany and its specific form reunification. Thus, we provide evidence of an effect of socialism on entrepreneurship beyond the German context and beyond the context of Eastern vs. Western Europe.

Furthermore, the period of differences in exposure is much shorter in Vietnam (two decades), compared to Germany (four decades) and that in Western and Eastern Europe (seven decades when considering former Soviet Union countries). Hence, our setting allows for testing whether even a “small” difference in socialist exposure can have a long-run impact on entrepreneurship. Our evidence suggests that two decades of different exposure to socialism have led to pronounced differences in entrepreneurship more than 40 years later. This pattern also suggests that the effect of socialism

and institutions more generally works through the intergenerational transmission of values since our respondents were not born when the differential institutional treatment of North and South Vietnam ended in the mid-1970s. It is even very likely that many parents of our study group were born after the reunification of Vietnam. In Germany, studying legacy effects is only possible for a period of up to 25 years, with most respondents at least partly socialized in the formerly-socialist East Germany.

Table 5.4: Further analyses and robustness checks.

| Model | (1a) | (1b) | (2a) | (2b) | (3a) | (3b) | (4a) | (4b) |
|---|----------------------------|----------------------------|---|---|----------------------------------|-------------------------------|----------------------------|----------------------------|
| Method | Logistic regression | Logistic regression | Logistic regression | Logistic regression | Multinomial logistic regression | | Logistic regression | Logistic regression |
| Dependent variable | Takeover vs. new venture | Takeover vs. new venture | Takeover vs. new venture | Takeover vs. new venture | (1) Employee vs. (2) new venture | (1) Employee vs. (3) takeover | Entrepreneurship intention | Entrepreneurship intention |
| Sample | <i>Individuals with EI</i> | <i>Individuals with EI</i> | <i>Individuals with EI + close family member SE</i> | <i>Individuals with EI + close family member SE</i> | <i>Full sample</i> | <i>Full sample</i> | <i>Full sample</i> | <i>Full sample</i> |
| Origin: North Vietnam | -0.407 (0.206)** | -0.393 (0.221)* | -0.567 (0.236)** | -0.523 (0.247)** | -0.288 (0.081)*** | -0.701 (0.222)*** | - | - |
| Age | | 0.185 (0.181) | | 0.355 (0.244) | 0.038 (0.084) | 0.165 (0.161) | | 0.045 (0.082) |
| Gender | | 0.680 (0.226)*** | | 0.864 (0.249)*** | 0.128 (0.097) | 0.777 (0.224)*** | | 0.171 (0.095)* |
| Ethnicity: Kinh | | -0.029 (0.547) | | 0.231 (0.781) | 0.042 (0.187) | 0.016 (0.551) | | 0.051 (0.185) |
| Religion: Buddhist | | 0.386 (0.959) | | 0.273 (0.995) | -0.128 (0.412) | 0.120 (1.061) | | -0.134 (0.412) |
| Religion: Christian | | 0.527 (0.996) | | 0.458 (1.040) | 0.204 (0.431) | 0.695 (1.091) | | 0.215 (0.431) |
| Religion: None | | 0.367 (0.941) | | 0.225 (0.972) | -0.217 (0.404) | 0.055 (1.045) | | -0.224 (0.405) |
| Study: Comp. sciences | | -0.955 (0.367)*** | | -1.212 (0.420)*** | 0.098 (0.146) | -0.858 (0.362)** | | 0.028 (0.144) |
| Study: Agriculture | | -0.316 (0.463) | | -0.722 (0.562) | 0.273 (0.183) | -0.015 (0.472) | | 0.253 (0.181) |
| Study: Law/economics | | -0.117 (0.281) | | -0.020 (0.326) | -0.099 (0.113) | -0.190 (0.281) | | -0.113 (0.111) |
| Study: Engineering | | -1.009 (0.473)** | | -0.969 (0.544)* | 0.088 (0.168) | -0.964 (0.470)** | | 0.016 (0.166) |
| Years of study | | 1.561 (0.272)*** | | -0.390 (0.286) | -0.085 (0.098) | -0.208 (0.194) | | -0.091 (0.096) |
| Close family SE | | -0.204 (0.214) | | - | 0.304 (0.077)*** | 1.874 (0.269)*** | | - |
| Risk-taking | | -0.079 (0.047)* | | -0.099 (0.051)* | 0.149 (0.018)*** | 0.065 (0.050) | | 0.144 (0.017)*** |
| Origin: North Vietnam = 0, close family member SE = 1 | | | | | | | 0.504 (0.104)*** | 0.499 (0.107)*** |
| Origin: North Vietnam = 1, close family member SE = 0 | | | | | | | -0.229 (0.103)** | -0.203 (0.108)* |
| Origin: North Vietnam = 1, close family member SE = 1 | | | | | | | 0.051 (0.104) | 0.073 (0.110) |
| <i>Reference: Origin: North Vietnam = 0, close family member SE = 0</i> | | | | | | | | |
| Pseudo R2 | 0.005 | 0.082 | 0.032 | 0.074 | 0.044 | 0.012 | | 0.037 |
| Log Likelihood | -399.892 | -369.025 | -260.110 | -248.771 | -2,363.622 | -2,045.342 | | -1,994.041 |
| Obs. | 1,656 | 1,656 | 892 | 892 | 3,010 | 3,010 | | 3,010 |

Notes: Logistic regression analysis. Logits are displayed with robust standard errors in parentheses. EI = entrepreneurship intentions, SE = self-employed. Reference categories: Ethnicity: Other, Religion: Other, Study: Other. *** p < 0.01, ** p < 0.05, * p < 0.10.

5.5.2 Contributions

We contribute to the literature in several ways. First, we show that differences in exposure to socialism affect entrepreneurship beyond the cultural context of Germany and Eastern Europe, and we show that even small differences in socialist treatment intensity can have long-run effects on entrepreneurial outcomes. These insights enhance our understanding of the role of institutions in entrepreneurship and socialism in particular (e.g., [Aidis et al., 2008](#); [Alesina & Fuchs-Schündeln, 2007](#); [Wyrwich, 2013a](#); [Xu et al., 2014](#)).

Second, we contribute to the entrepreneurship education literature by highlighting the role of external framework conditions on enrollment in entrepreneurship programs. Thus, our results suggest that entrepreneurship education is influenced by institutions not only regarding its effectiveness (e.g., [Walter & Block, 2016](#)) but also in regard to the question of who participates in entrepreneurship education in the first place.

Third, we contribute to the literature on entrepreneurship in emerging economies (e.g., [Chang & Wu, 2014](#); [Santarelli & Tran, 2013](#); [Tran, 2019](#)). More precisely, we show how history and socio-economic legacies still impact entrepreneurial development. This finding also contributes to the emerging literature that focuses on the past to understand entrepreneurial phenomena (e.g., [Wadhvani & Lubinski, 2017](#)).

Finally, our paper also contributes to the literature on the emergence and persistence of entrepreneurship culture via intergenerational transmission. This transmission is assumed to be the main mechanism for the self-perpetuation of entrepreneurship (e.g., [Fritsch et al., 2018](#)). However, our results show that individuals with self-employed parents or close family members have a lower startup and business takeover intentions if their families are exposed to anti-entrepreneurial institutions for a longer time. Thus, the emergence of an entrepreneurial culture is hampered by such historical legacies.

5.5.3 Practical implications

We find that students from North Vietnam enroll in entrepreneurship courses less often than students from South Vietnam, which we attribute to North Vietnam's entrepreneurship-hostile environment. This finding has an important practical implication since prior research shows that entrepreneurship education (e.g., participation in entrepreneurship-related courses) has a particularly strong effect in entrepreneurship-hostile environments ([Walter & Block, 2016](#)). Hence, if students do not sign up for

an entrepreneurship course in entrepreneurship-hostile environments, the positive effect of entrepreneurship education cannot unfold. Thus, university administrators or policymakers from formerly socialist countries interested in fostering entrepreneurship activity should consider making entrepreneurship education a compulsory element of university education. At the same time, individuals who actually participate in entrepreneurship courses, especially in hostile environments where they face resistance for their decision to engage in entrepreneurship education and activity, may be characterized by a high interest in entrepreneurship, which is then manifested in higher entrepreneurial activity.

Another practical implication stems from our findings on business takeover or family succession as a career option. We find that students in North Vietnam are less interested in taking over an established business than founding a new venture, which can lead to a situation in which successful businesses do not find a successor. This has negative implications for the development of a healthy family business sector and the country's economic development. Prior research has shown that family firms constitute an important part of many economies around the world (e.g., [Andersson et al., 2018](#); [Carney et al., 2017](#)) and can contribute positively to job stability (e.g., [Bjuggren, 2015](#); [Neckebrouck et al., 2018](#)) and national competitiveness ([Carney et al., 2017](#)). Policymakers and higher education administrators in (formerly) socialist countries should consider improving the image of family businesses and set up specific courses to motivate and prepare potential family business successors.

5.5.4 Limitations and avenues for future research

We focus on entrepreneurship intentions as our dependent variable. The theory of planned behavior assumes that intentions are generally a good predictor of actual behavior. However, prior research has shown that entrepreneurial intentions do not always translate to actual entrepreneurial actions, which is known as the intention-action gap (e.g., [Kautonen et al., 2015](#); [Van Gelderen et al., 2015](#)). An intention-action gap exists in entrepreneurship because several internal and external factors shape individuals' final decisions to engage in entrepreneurship. In formerly socialist countries such as Vietnam, external factors might still be prevalent and ultimately prohibit individuals from translating their high intentions into actual behavior. This intention-action gap potentially limits the generalizability of our results beyond the construct of entrepreneurial intentions. Building on this finding, future studies could use a similar setting to study entrepreneurial action against the background of socialist history. Additionally, future research could draw on longitudinal designs to assess whether and how students turn their intentions into entrepreneurial actions in such a setting (e.g., [Van Gelderen et al., 2015](#)).

Relatedly, we focus on students as our target population because we are primarily interested in younger individuals who have not directly been exposed to socialism. Prior research indicates that

student samples can be particularly useful and adequate when studying entrepreneurship intentions (e.g., [Hsu et al., 2019](#); [Hsu et al., 2017](#); [Krueger et al., 2000](#)). Still, the external validity of student samples can be criticized. As such, it would be interesting to reassess our findings using different samples, such as employees or actual entrepreneurs.

6. How do succession intentions differ from both founding and employee intentions?

There is a variety of influential factors for individuals' career choice intentions. However, research on how succession, founding, and employment intentions differ in its determinant factors is still scarce. This chapter investigates how succession intentions differ from founding and employee intentions regarding career choice reasons, and the effect of three main components of the TPB. We conduct a paper-based survey (a valid response: 3,005 Vietnamese students) and apply multinomial logistic regressions. We find a significant difference in career motivation in terms of innovation, social mission, and roles among these three career choice intentions. Among seven career choice reasons (e.g., innovation, self-realization, financial success, social mission, roles, independence, and recognition), which are identified and validated using factor analysis, innovation has the highest significant impact on the founding intention, and roles motivation is shown in the strongest association with the succession intention, whilst social mission is the most important reason for the employee intention. Moreover, innovation is more important motivation for individuals to start a new firm rather than for employees, while individuals with the intention of being a successor offer a high motivation on roles reason than those with the willingness to be a founder and an employee. Respondents who opt for employment rate a higher score on social mission compared to both alternatives. Regarding the effect of three main TPB elements, entrepreneurial attitude, and perceived behavioral control are positively associated with the founding intention compared to organizational employment, whereas no difference in these effects between intentional successors and employees.

6.1 Introduction

The reasons for career choices in career path intentions have attracted research attention. For example, entrepreneurship scholars have investigated the reasons and motivations for pursuing a career path as an entrepreneur (Scheinberg & MacMillan, 1988; Shane et al., 1991), between nascent entrepreneurs and non-entrepreneurs (Carter et al., 2003; Kolvereid, 1996b), and males and females (Carter et al., 2003). Despite that, few studies have examined the reasons for career choices among employees, founding, and succession intentions, with the exception of Zellweger et al. (2011), which focused on only within-family succession. Not all individuals with family businesses are willing to become successors. The International Survey on Collegiate Entrepreneurship (ISCE) 2006 reports that, of 9,904 students with a family firm background, 609 (6%) intended to continue their parents' business, 1,808 (18%) planned to open their own business, 2,946 (30%) intended to become employees, and 4,541 (46%) had not yet determined their career intentions (Zellweger et al., 2011). Schröder et al. (2011) show that about 51% of the children at German family firms (a sample of 106 firms) are likely to be successors, whereas approximately 33% of them prefer to become employees. In this case, business owners who are approaching retirement or cannot identify a suitable family successor can seek outside successors (Scholes et al., 2009). In other words, not all intentional successors come from family firms; rather, one can be a successor by purchasing an outside firm (a management buy-in) or by taking over one's former employer (a management buy-out) (Cooper & Dunkelberg, 1986). Employees can work in family or non-family firms (Block et al., 2015). Therefore, it is plausible to investigate the career choice motivation of intentional successors, founders, and employees. That may help not only investors but also policymakers to gain a better understanding of the most important motivation for an individual career choice decisions (e.g., succession, founding, and employee intentions). We also aim to examine how succession intentions and others (e.g., founding, employee intentions) differ in the reasons for their career choices.

Furthermore, based on the TPB (Ajzen, 1991) and its wide application to entrepreneurship research, intentions are predicted by three key predictors, namely attitude toward entrepreneurship, subjective norms, and perceived behavioral control. According to the theory and the findings of previous studies (Adam-Müller et al., 2015; Busenitz et al., 2000; Krueger & Carsrud, 1993), if an individual has a positive perception of entrepreneurship activity, he/she is more likely to engage in startups. Subjective norms as external environment factors (e.g., families', friends' expectations) are considered to influence people's entrepreneurial intentions. Empirical studies have revealed a positive relationship between subjective norms and entrepreneurship intentions (Kolvereid, 1996b; Tkachev

& Kolvereid, 1999). Perceived behavioral control refers to “people’s perception of the ease or difficulty of performing the behavior of interest” (Ajzen, 1991, p.183). In the entrepreneurship literature, individuals reporting a high level of internal locus of control display a high likelihood of being an entrepreneur (Kolvereid, 1996b; Krueger & Carsrud, 1993; Solesvik et al., 2012). We investigate, therefore, the effect of three main TPB elements (e.g., attitude, subjective norms, and perceived behavioral control) on career choice decisions of these three groups of intentional individuals (successors, founders, and employees). This will enlarge on and contribute to the entrepreneurship literature and the application of the TPB in the entrepreneurship context (Ajzen, 1991; Kolvereid, 1996b; Krueger et al., 2000; Solesvik et al., 2012).

To analyze the differences in career path motivation, and the effect of three main TPB components for three career choice intentions, namely succession, founding, and employee, we use the Vietnam context – an emerging market as well as a transitioning economy (Santarelli & Tran, 2013; Tran, 2019), where this topic has been silent. Moreover, most transition economies, including Vietnam, have begun moving toward a market-based economy, where the privatization of SOEs can be considered one of the target programs of economic reforms (Denisova et al., 2009; Kaltenthaler et al., 2006). The privatization of SOEs is defined as the transformation of SOEs into private (joint-stock) firms by selling part of the shares in the SOEs to private investors. For example, in Russia, about 23,918 state-owned industrial enterprises were transformed during 1992-1996 (Schroeder, 1998); in Vietnam, a total of 2,242 SOEs have been completely equitized by the equitization process over 12 years (1992 -2004) (Loc et al., 2006). Thus, this study may provide useful information for practitioners to identify suitable intentional successors for the business transfer process.

Conducting a paper-based survey (a valid response: 3,005) and applying multinomial logistic regression, we find a significant difference in career motivation in terms of innovation, social mission, roles, and recognition among three groups of intentional successors, founders, and employees. Among seven career choice reasons, innovation has the highest significant impact on the founding intention, roles motivation is shown in the strongest association with the succession intention, and social mission is the most important reason for the employee intention. Moreover, innovation is more important motivation for individuals to start a new firm rather than for employees, while individuals with the intention of becoming a successor offer a high motivation on roles reason than those with preferences for being a founder and an employee. Respondents who opt for employment rate a higher score on social mission compared to both alternatives. Regarding TBP elements, entrepreneurial attitude, and perceived behavioral control have a significant and positive impact on individuals’ career choice decisions as a founder. However, we do not find a significant impact from subjective norms for these three career choice intentions.

This study makes several contributions to the entrepreneurship literature. First, it enriches empirical evidence in the entrepreneurship literature to confirm the motivations and reasons for preferring founding, succession, and employee as career choice intentions (Carter et al., 2003; Shane et al., 1991) and the determining factors of the paths to entrepreneurship (Block et al., 2013; Parker & Van Praag, 2012; Xi et al., 2018). Well-known studies have indicated that individuals who have a business idea, to exploit a specific business opportunity, express a higher preference for starting a new firm (Block et al., 2013; Kay & Schlömer-Laufen, 2016; Zellweger et al., 2011). We find that intentional founders place higher importance on innovation than do employees. This finding provides robust confirmation of the motivational distinctions in innovation regarding career choice intentions between founders and employees, as pointed out by (Kolvereid, 1996a; Zellweger et al., 2011).

In addition, our findings reveal that intentional successors place higher importance on roles motivation than intentional founders and employees. In the family context, individuals prefer to take over an existing business rather than starting a new firm (Block et al., 2013; Parker & Van Praag, 2012), and their motivation can be to continue a family business. In an organization – for example, a family firm buyout – the familiarity between a predecessor and a successor is strongly related to business transfer success (van Teeffelen, 2010), in this case, predecessors who can be role models for intentional successors encourage them to be successors. This suggests that intentional successors seem to follow the example of a person (e.g., predecessor) whom they admire.

Second, we extend the application of the TPB in the entrepreneurship context (Ajzen, 1991; Krueger et al., 2000). Our results support the theory and are consistent with the findings in previous studies. That is, respondents who report high levels of attitude toward entrepreneurship intend to become self-employed (Adam-Müller et al., 2015; Kolvereid, 1996b; Solesvik et al., 2012). In addition, our findings show strong statistical support for the theory in terms of a positive relationship between perceived behavioral control and career decisions and founding intentions (Kolvereid, 1996b; Krueger & Carsrud, 1993; Krueger et al., 2000). Individuals who are more confident about their capacity for managing and controlling a new venture show a higher likelihood of becoming founders rather than employees.

The remainder of the chapter is organized as follows: Section 6.2 provides a relevant literature review and theory development regarding how career choice reasons, and TPB elements influence career choice intentions. Section 6.3 describes the data set and methodology. Section 6.4 displays analysis and results. Section 6.5 presents and discusses the conclusion, implications, limitations, and avenues for further research.

6.2 Literature review and theory development

Career choice reasons and career choice intentions

Previous studies have identified different determining reasons for individual career paths using different approaches. [Katz \(1992\)](#) applies tracking models that focus on personal history and the social context to predict individual career choice decisions. Personal history, such as education, peers, and work experience, whereas the social context, including parental self-employment, education, and parents' or family members' occupation, are predictors of the employment status choice. In addition, people's psychosocial values, such as beliefs ([Rehan et al., 2019](#); [Audretsch et al., 2013](#)), autonomy, and mastery values ([Bauernschuster et al., 2012](#); [Runst, 2013](#)), creativity ([Rauch & Frese, 2007](#)) are considered among the most important values in predicting people's career choice intentions ([Katz, 1992](#)). [Tucker III \(1990\)](#) uses human capital theory to analyze the individual occupational choice decision to become self-employed. According to the theory, earnings and the value of marginal productivity are two measures of new firm creation by employees. That is, the probability that employees will engage in self-employment increases if their compensation is less than the value of the marginal product, and vice versa. [Dyer Jr \(1994\)](#) provides an integrative model of entrepreneurial careers and indicates that individual factors, social capital, and the economic environment play a significant role in leading individuals to have a career choice intention toward entrepreneurship.

Other authors have conducted empirical studies on the reasons for career choices; for example, [Kolvereid \(1996a\)](#) analyzes the different reasons for choosing self-employment versus organizational employment by conducting a survey of 372 Norwegian business graduates. He designs a questionnaire with 11 reasons for career choices: security, economic opportunity, authority, autonomy, social environment, workload, challenge, self-realization, participation in the entire process, avoidance of responsibility, and career. [Kolvereid \(1996a\)](#) shows that individuals who are willing to become employees place more importance on security, the social environment, the workload, avoidance of responsibility, and career, whereas people who prefer to become entrepreneurs emphasize the need for economic opportunity, authority, autonomy, challenge, self-realization, and participation in the entire process.

[Carter et al. \(2003\)](#) adopt 18 reason items based on prior studies to examine distinct motivations for entrepreneurs compared to non-entrepreneurs and males compared to females in the United States. They classify these 18 items into six types of reasons, including innovation, independence, recognition, roles, financial success, and self-realization. The authors show that nascent entrepreneurs place importance on only two reasons differently from non-entrepreneurs (e.g., recognition and roles). The

two groups have non-significant differences with respect to other career motivations, such as innovation, independence, financial success, and self-realization (Carter et al., 2003). These results are in contrast to the findings of Kolvereid (1996a).

Focusing on variation in the reasons for career choices across countries, Scheinberg and MacMillan (1988) investigate the career motivation for stepping into a new venture across 11 countries (e.g., the US, Australia, Italy, Portugal, China, Sweden, Norway, Denmark, Great Britain, and New Zealand). Using 38 items divided into six reasons (e.g., need for approval, perceived instrumentality of wealth, communitarianism, need for personal development, need for independence, and need for escape) to compare entrepreneurs by country, Scheinberg and MacMillan find that independence is the most important reason for US and Australian entrepreneurs, whereas Chinese, Italian, and Portuguese entrepreneurs emphasize the need for communitarianism as an essential factor in starting a new business. The self-employed in Sweden, Norway, and Denmark place low importance on the instrumentality of wealth (Scheinberg & MacMillan, 1988).

Like Scheinberg and MacMillan (1988), Shane et al. (1991) conduct a comparison of the reasons for career choices among entrepreneurs across three countries – Great Britain, New Zealand, and Norway – rather than 11. The authors adapt 38 items from Scheinberg and MacMillan (1988) and reduce them to 21 items, then add two reasons regarding tax considerations. A total of 23 reasons are divided into four factors: recognition, independence, learning, and roles. The results from a survey of 597 owner-managers indicate that, with the exception of the role factor, career choice reasons offered by individuals starting their own business vary significantly across countries. Entrepreneurs in New Zealand and Great Britain place more importance on independence and recognition but low importance on developing an idea for a product and continuing to learn than those in Norway. In addition, Shane et al. (1991) show that having flexibility in one's personal and family life is a more important reason to start a new firm for New Zealanders than for Britons.

Unlike the earlier empirical papers, Zellweger et al. (2011) focus on comparisons among three groups of career intentions: organizational employment, founding, and succession. Beyond the analysis of career motivations, such as independence, and innovation, they examine how perceived behavioral control (e.g., locus of control and entrepreneurial self-efficacy) influence these three career choice intentions. Based on the TPB and a sample of students with a family firm background, they find that individuals with a succession intention stress the need for independence, while having a founding intention demonstrates higher innovation than an employee intention. With regard to the effect of perceived behavioral control on career choice intentions, their findings show that having an internal locus of control is positively associated with the employee intention but no significant relation to the founding and succession intentions. This is in contrast to previous findings (Krueger &

Carsrud, 1993; Krueger et al., 2000). However, self-efficacy has a stronger impact on self-employment and succession than institutional employment.

As shown in these studies, entrepreneurs emphasize the need for economic opportunity, authority, autonomy, challenge, self-realization, and recognition; by contrast, employees place more importance on security, social environment, and avoiding responsibility. Comparing successors with founders and employees, Zellweger et al. (2011) show that intentional successors give a higher rating to independence motivation than intentional employees, but they give a lower score to this reason compared to those with the intention of becoming founders. The founding intention places more importance on innovation than the succession intention, but Zellweger et al. focus only on the family firm context. We extend the ideas in Zellweger et al. (2011) and add more reasons for career choices (e.g., self-realization, financial success, social mission, roles, and recognition) based on previous studies (Carter et al., 2003; Scheinberg & MacMillan, 1988).

A majority of succession studies are in the family business literature (Schröder et al., 2011; Stavrou & Swiercz, 1998; Zellweger et al., 2011). Well-known studies have pointed out that individuals in family businesses favor purchasing an existing firm rather than starting a new one (Block et al., 2013; Parker & Van Praag, 2012). One possible reason for this career choice is to continue a family tradition. Furthermore, not all intentional successors come from family firms, one can become a successor by purchasing an outside firm (a management buy-in) or taking over one's former employer (a management buy-out) (Cooper & Dunkelberg, 1986). Familiarity between seller and buyer is the best predictor of the success of a business transfer, for example, a family firm buy-out (van Teeffelen, 2010). Sellers or predecessors can be viewed as role models for a buyer (successor). The predecessor role model can have a strong effect on individual decisions to purchase an existing firm. In this case, we argue that the motivation of intentional successors is to follow the example of a person (predecessor) whom they admire.

With regard to starting a new firm, having a business idea is an essential element (Kay & Schlömer-Laufen, 2016). Additionally, starting a new venture is riskier than taking over an existing business because of the uncertain outcome. Also, starting a new business from scratch faces the challenges of finding a location, customers, and hiring employees (Block et al., 2013; Parker & Van Praag, 2012). In addition to these arguments and in line with previous suggestions (Kolvereid, 1996a), we propose that, among reasons for career choices, the succession intention places the highest importance on roles motivation; the founding intention has the highest association with innovation, and the employee intention has the highest scores on social mission. Also, compared with two alternative career choice intentions, the succession intention places higher importance on roles, the founding intention

gives higher scores to innovation, and the employee intention emphasizes the need for a social mission. Moreover, we argue that individuals with a willingness to become self-employed demonstrate higher self-realization, financial success, independence, and recognition than those who prefer to become a successor, and that people who intend to become an employee place the least importance on these motivations.

Theory of planned behavior and career choice intentions

The theory of planned behavior is widely used to predict intentions, which are outcomes of three key components: attitude toward the behavior, subjective norms, and perceived behavioral control (Ajzen, 1991). Attitude toward the behavior refers to the extent to which an individual is willing to perform the behavior. In the entrepreneurship search, extant investigations have shown that a positive perception of entrepreneurship increases the likelihood of being a self-employed (Adam-Müller et al., 2015; Kolvereid, 1996b; Krueger & Carsrud, 1993; Solesvik et al., 2012). Subjective norms – the second component, which refers to the reactions and expectations of the external surroundings (e.g., family, friends) to the decision to perform the behavior. Studies on the effect of subjective norms on entrepreneurial intentions have reported mixed findings, for example, a positive relation (Kolvereid, 1996b; Tkachev & Kolvereid, 1999), insignificant support (Liñán & Chen, 2009; Solesvik et al., 2012). Liñán and Chen (2009) explain that the influence of subjective norms on entrepreneurial intentions may depend on cultural and social particularities, this link may vary in collectivism and individualism dimensions. The third component – perceived behavioral control, which refers to individuals' perception of how easy or difficult to perform the behavior. If an individual displays a high level of internal locus of control, he/she is more willing to become an entrepreneur, which has been pointed out by prior studies (Iakovleva & Solesvik, 2014; Liñán & Chen, 2009). In line with previous studies, which have provided strong evidence on a positive relationship between three main TPB elements (e.g., entrepreneurial attitude, subjective norms, and perceived behavioral control) and entrepreneurship intentions (Kolvereid, 1996b; Krueger & Carsrud, 1993), we argue that individuals having a positive perception of entrepreneurship, subjective norms, and high levels of internal locus of control show the preference for being a founder, or a successor than for becoming an employee.

6.3 Methodology

6.3.1 Sample

This study uses the same data set that is used in Chapter 5. A total of 3,557 participants answering questionnaires from 21 universities nationwide, we excluded answers of foreigner students, questionnaires with incomplete answers, outliers. We also excluded respondents with indecisive options for

their career choice intention (e.g., “do not know,” and “others”) (Kolvereid, 1996a; Walter & Block, 2016; Zellweger et al., 2011). For our analysis, we included only non-entrepreneurial respondents. We did not consider respondents who have already founded a firm because we focus on prospective reasons for individuals’ career choice intention, rather than retrospective reminiscence. “Retrospective accounts, particularly when describing prior intentions, have been shown to have a significant self-justification bias” (Carter et al., 2003, p. 16). Therefore, a final sample of 3,005 respondents is used for analyzing.

6.3.2 Variables

Dependent variable

An individual career choice intention is adapted from Sieger et al. (2016), and we asked students by the following question: “Which career path do you intend to pursue five years after the completion of studies?”. Respondents select only one option among career path choices, namely an employee, a founder, a successor, and others. As mentioned in Section 6.3.1, we excluded the option “others” because the respondents are indecisive in their career choice intention (Kolvereid, 1996a; Walter & Block, 2016; Zellweger et al., 2011). From this question, we construct the dependent variable *career choice intention (three categories)* equals one (1) if the respondents choose “an employee,” two (2) if the respondents intend to be “a founder,” and three (3) if the respondents intend to be “a successor.” These three categories are used in a hierarchical multinomial logistic regression.

Independent and control variables

Career choice reasons

Based on the previous studies (Kolvereid, 1996a; Shane et al., 1991), we adopted 17 reason items from (Carter et al., 2003; Sieger et al., 2016) and asked respondents by the following question: “How important are the following reasons for choosing your career path right after completion of your studies?”. Respondents rated the importance of each item on a five-point-Likert-scale (1 = “very unimportant” to 5 = “very important”). Appendix A6.1 shows 17 reasons items in more detail and their measurement.

Theory of planned behavior components: attitudes, subjective norms, and perceived behavioral control

To capture three main elements of the TPB, such as *attitudes*, *subjective norms*, and *perceived behavioral control* (Ajzen, 1991), we included a scale developed by (Liñán & Chen, 2009). Attitudes

toward entrepreneurship contain five items, and we asked respondents to respond to each item on a five-point-Likert-scale, ranging from 1 = “strongly disagree” to 5 = “strongly agree.” Questions relating to subjective norms, we included two different types of batteries, and each of them consists of three items, which present three groups of reference people (family, friends, and important people): the first battery was used to measure an individual’s motivation and compliance through a five-point-Likert-scale (1 = “very negative” to 5 = “very positive”); the second battery, on a five-point-Likert-scale from 1 = “not at all” to 5 = “very much,” was used for capturing participants’ thinking about the opinion of the reference people. Questions regarding perceived behavioral control included a 7-item scale, ranging from 1 = “strongly disagree” to 5 = “strongly agree,” measuring an individual’s self-efficacies and controllability. Cronbach’s alpha for entrepreneurial attitude, the first battery of subjective norms, the second one, and perceived behavioral control is 0.79, 0.75, 0.65, and 0.87, respectively. Appendix A6.1 displays all items with regards to three main TPB components in more detail and their measurement. Other individuals’ factors may influence career choice intentions. We controlled for a number of socioeconomic characteristics of the respondents, such as *age* (age in years in 2018), *gender*, *ethnicity*.

6.4 Analysis and results

6.4.1 Analysis

Model testing: an exploratory factor analysis of career choice reasons

We first run an exploratory factor analysis to category and identify the structure of the interrelationship of a set of a total of 17 career choice items. We conduct a principal components factor analysis with listwise deletion of missing values, varimax rotation, and employ a threshold of 0.40 for the varimax-rotated factor loadings. A statistically significant Bartlett’s test of sphericity: 16611.95, Kaiser-Meyer-Olkin measure of sampling adequacy: 0.82, $p < 0.001$ indicates the sufficient correlations exist among the variables to proceed. This analysis produced five factors with an eigenvalue above one. The first factor involves reasons: be innovative, at the forefront of technology, develop an idea for a product, achieve something, get recognition, and exploit a specific business opportunity that I recognized; the second factor includes: earn a larger personal income, financial security, gain a higher position for myself, get greater flexibility for personal life, and be my boss; the third factor consists of: challenge myself, realize my own dream, and grow and learn as a person; the fourth factor comprises: follow a social mission, and follow an environmental mission; the fifth one includes: build business children can inherit, continue a family tradition, and follow the example of a person I admire.

As discussed in Section 6.3.2, based on previous research (e.g., Carter et al., 2003; Kolvereid, 1996a; Shane et al., 1991), we developed these 17 reason items according to seven main categories including *innovation* represents an individual's desire to exploit something new, develop a new idea for a product or be innovative; *recognition* describes an individual's intention to increase the status, achieve a higher position for themselves in society; *financial success* expresses an individual's aim to earn more money and be successful in financial security; *independence* describes an individual's desire for controlling one's own time, being freedom; *self-realization* represents an individual's intention of being challenged themselves, pursuing one's own dream; *roles* motivation represents an individuals' desire to continue a family tradition or follow the example of others; and *social mission* describes an individual's intention to contribute to the social or environmental development (Sieger et al., 2016). To assign better group identification identified by prior studies (Carter et al., 2003; Shane et al., 1991; Sieger et al., 2016), we set, therefore, a threshold value of 0.50 for loading significance and entered all 17 reason items into a factor analysis with extracting a 7-factor solution. The procedure shows that the eigenvalues of the sixth (0.906) and seventh factor (0.823) close to one, so these two factors are considered for inclusion as well (Hair et al., 1998). The seven factors retained represent 72.60% of the variance of the total of 17 reasons items.

As shown in Table 6.1, one of the 17 career items, career reason 15 – exploit a specific business opportunity that I recognized has significant cross-loadings on both Factor 1 (innovation) and Factor 6 (independence), if this career reason is dropped, the Cronbach' alpha for the scale would have been reduced or eliminated. So, to retain as many items as possible, we used the reliability criterion rather than the cross-loading criterion to keep this item – career reason 15 (Carter et al., 2003). These seven factors support the theoretical dimensions. Factor 1 – *Innovation* includes three items (“develop an idea for a product,” “be innovative, at the forefront of technology,” and “exploit a specific business opportunity that I recognized”). Factor 2 – *Self-realization* consists of three items (“challenge myself,” “realize my own dream,” and “grow and learn as a person”). Factor 3 – *Financial success* comprises two items (“financial security,” and “earn a larger personal income”). Factor 4 – *Social mission* includes two items (“follow an environment mission,” and “follow a social mission”). Factor 5 – *Roles* motivation includes three items (“continue a family tradition,” “build business children can inherit,” and “follow the example of a person I admire”). Factor 6 – *Independence* consists of two items (“be my own boss,” and “get greater flexibility for personal life”). Factor 7 – *Recognition* comprises two items (“gain a higher position for myself,” and “achieve something, get recognition”). We performed further analysis of Cronbach's alpha to measure the internal consistency of a set of items as a group. Table 6.1 presents the list of reason items, factor loadings, and Cronbach's alpha reliability of scales.

Table 6.1: Factor loadings for reasons items: seven factors solution.

| Factor | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|-----------------|----------------------|----------------------|-------------------|--------------|-------------------|------------------|
| | Innova- tion | Self- realization | Financial success | Social mission | Roles | Independ- ence | Recogni- tion |
| Sum of squared rotated loadings | 2.054 | 1.900 | 1.842 | 1.795 | 1.739 | 1.544 | 1.426 |
| Percentage variance account for | 12.082 | 11.179 | 10.836 | 10.560 | 10.229 | 9.083 | 8.389 |
| Cronbach alpha | 0.748 | 0.653 | 0.813 | 0.850 | 0.604 | 0.607 | 0.682 |
| Develop an idea for a product | 0.859 | | | | | | |
| Be innovative, at the forefront of technology | 0.794 | | | | | | |
| Exploit a specific business opportunity that I recognized | 0.521 | | | | | 0.541 | |
| Challenge myself | | 0.768 | | | | | |
| Grow and learn as a person | | 0.702 | | | | | |
| Realize my own dream | | 0.676 | | | | | |
| Financial security | | | 0.880 | | | | |
| Earn a larger personal income | | | 0.844 | | | | |
| Follow an environment mission | | | | 0.883 | | | |
| Follow a social mission | | | | 0.881 | | | |
| Continue a family tradition | | | | | 0.830 | | |
| Build business children can inherit | | | | | 0.695 | | |
| Follow the example of a person I admire | | | | | 0.559 | | |
| Be my own boss | | | | | | 0.801 | |
| Get greater flexibility for personal life | | | | | | 0.629 | |
| Gain a higher position for myself | | | | | | | 0.792 |
| Achieve something, get recognition | | | | | | | 0.661 |

Notes: N = 3,003; Factor loadings smaller than 0.50 have been suppressed.

Model testing: confirmatory factor analyses for detecting common method bias of the model

Before performing hierarchical multinomial logistic regression, we second run some tests to test common method bias as well as to assess the validity and distinctiveness of our measures of independent variables including seven reason factors (e.g., innovation, self-realization, financial success, social mission, independence, roles, and recognition) identified by an exploratory factor analysis of all 17 career choice items, and three main elements of the TPB (e.g., attitude, subjective norms, and perceived behavioral control). As recommended by (Podsakoff et al., 2003), to test the distinction of three main TPB elements, we conducted a confirmatory factor analysis to compare a four-factor structure that includes entrepreneurial attitude, two factors of subjective norms (e.g., an individual's compliance with, and thinking about the external environment factors: family, friends, and important people), and perceived behavioral control with a one-factor structure that consists of

these factors. The fit statistics of the four-factor structure are significant with ($\chi^2(113) = 1,399.709$, RMSEA (Root Mean Square Error of Approximation) = 0.062, CFI (Comparative Fit Index) = 0.928) compared to that of the one-factor structure with ($\chi^2(119) = 8,382.624$, RMSEA = 0.152, CFI = 0.540), difference in ($\chi^2 = 6,982.915$, $df = 6$, $p < 0.001$).

With regards to independent variables, including seven career reason factors, and four factors of three main TPB elements in our model, we also conducted a confirmatory factor analysis to assess the validity and distinctiveness of our measures of these 11 factors (Podsakoff et al., 2003). More precisely, we compared the fit of an 11-factor structure with that of a one-factor structure. The result of the 11-factor structure fits the data significantly ($\chi^2(472) = 3,895.715$, RMSEA = 0.049, CFI = 0.905) compared to the fit statistics of the one-factor structure ($\chi^2(527) = 2,1307.140$, RMSEA = 0.115, CFI = 0.423), difference in ($\chi^2 = 17,411.43$, $df = 55$, $p < 0.001$). These differences in χ^2 and degrees of freedom of two structures confirm that the measures we used for analysis are both theoretically and empirically distinguishable. In other words, common method bias is not present in our 11 independent variables (Podsakoff et al., 2003)⁶. We also further applied Harman's single factor test that is widely used for detecting the common method bias or variance in data (Podsakoff et al., 2003; Podsakoff & Organ, 1986). According to this technique, we have to intentionally select a single factor in an exploratory factor analysis, if the single factor represents the majority of variance (more than 50%) in data, then it will be a potential or substantial amount of common method bias (Podsakoff et al., 2003). By doing so, we entered all our variables into a factor analysis, the results show that the total variance explained by the first factor is 19.17%. So, there is no common method bias problem in our data.

In our three TPB elements (e.g., attitude, subjective norms, and perceived behavioral control), subjective norms comprise two different types of batteries, and each of them consists of three items, which represent three groups of reference people (family, friends, and important people). To assess the respondents' subjective norms in terms of these three groups of people in two batteries, we constructed a weighting variable – reaction environment that represents a presentation of the corresponding set of all six items of two batteries. We employed a two-step weighting variable procedure. First, we divided each of the three items in the compliance battery by 5. Second, we multiplied these three divided items by three respective items in the consideration battery, we then summed all scores together to obtain an overall measure of the weighting variable – reaction environment. This value is considered as an individual's subjective norms and used for analyzing in our model. Regarding seven

⁶ In addition, we compared the fit statistics of the 11-factor structure with a two-factor structure that comprises career reason factor (innovation, self-realization, financial success, social mission, roles, independence, and recognition), and TPB factors (attitude, subjective norms, and perceived behavioral control). The fit statistics of the two-factor structure are ($\chi^2(526) = 17,185.416$, RMSEA = 0.103, CFI = 0.538), significant difference in ($\chi^2 = 13,289.70$, $df = 54$, $p < 0.001$).

identified career reasons, entrepreneurial attitude, and perceived behavioral control variables, we calculated mean values for each of these variables by summing the items in each scale and dividing by the number of items associated with the scale.

Since we constructed the dependent variable by three outcomes (“an employee,” “a founder” and “a successor”), we use hierarchical multinomial logistic models to analyze and compare career choice reasons of employee, founding, and succession intentions and investigate the influence of three main TPB elements on these three career path intentions. As in standard multinomial logistic regression, one reference category is defined as a baseline category, which is “an employee” in our study because we focus on comparisons of “an employee” v.s “a founder,” and “an employee” v.s “a successor.” These comparisons can enlarge empirical evidence and contribute to the literature in the field of career choice reasons and career path intentions (Carter et al., 2003; Kolvereid, 1996a; Zellweger et al., 2011).

6.4.2 Results

Descriptive statistics

Table A6.1 (see Appendix) shows that of the 3,005 respondents (a valid response), 1,350 (44.9%) intend to choose an employee, 1,546 (51.5%) prefer a founder, 109 (3.6%) select a successor as their career path in the next five year after the completion of studies. The age of the respondents ranges from 18 to 25, with an average age of 20 years old. The number of female 1,703 (57%) is higher than that of male with 1,302 (43%). The majority of our respondents are Kinh, which is the main ethnicity in Vietnam. Concerning career choice reasons, the most important reason for the respondents’ career path intentions is independence (mean = 4.42), followed by financial success (mean = 4.32), whilst roles reason is their least important motivation (mean = 2.81). In addition, the descriptive statistic displays that the respondents are oriented more internally than externally (entrepreneurial attitude mean = 3.51) while they are less confident about their own internality with regard to open a new venture business and keep it working (perceived behavioral control mean = 2.63). Table A6.1 also provides a detailed distribution of the respondents across the career path choices of the dependent variable, and descriptive statistics for all the predictor and control variables. Table 6.2 shows the correlation matrix for the dependent variable career choice intention (three categories) and predictors. Computations of the variance inflation factor (VIF) report no serious issues of multicollinearity (VIF < 1.30).

Table 6.2: Correlation matrix.

| Variable | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | VIF |
|---|-------|--------|--------|--------|-------|-------|-------|-------|-------|-------|-------|-------|-------|----|------|
| Dependent variable | | | | | | | | | | | | | | | |
| 1 Career choice intention (three categories) ^a | - | | | | | | | | | | | | | | 1.07 |
| Control variables | | | | | | | | | | | | | | | |
| 2 Age | .00 | - | | | | | | | | | | | | | 1.03 |
| 3 Male | .07** | .14** | - | | | | | | | | | | | | 1.06 |
| 4 Ethnicity | .00 | -.03* | .04* | - | | | | | | | | | | | 1.01 |
| Independent variables | | | | | | | | | | | | | | | |
| <i>Career choice reasons</i> | | | | | | | | | | | | | | | |
| 5 Innovation | .19** | -.06** | .10** | -.04* | - | | | | | | | | | | 1.74 |
| 6 Self-realization | .09** | -.06** | .03* | -.01 | .39** | - | | | | | | | | | 1.40 |
| 7 Financial success | .02* | -.02* | -.03* | .00 | .18** | .30** | - | | | | | | | | 1.30 |
| 8 Social mission | .03* | -.03* | -.04* | -.06** | .42** | .31** | .18** | - | | | | | | | 1.37 |
| 9 Roles | .06** | -.02* | .03* | -.06** | .37** | .20** | .14** | .33** | - | | | | | | 1.34 |
| 10 Independence | .09** | -.07** | -.06** | -.03* | .37** | .41** | .38** | .29** | .14** | - | | | | | 1.47 |
| 11 Recognition | .04* | -.07** | -.04* | -.05 | .45** | .29** | .38** | .35** | .36** | .37** | - | | | | 1.56 |
| <i>TPB components</i> | | | | | | | | | | | | | | | |
| 12 Attitude | .18** | -.05* | -.01 | -.05** | .39** | .33** | .15** | .29** | .29** | .26** | .29** | - | | | 1.42 |
| 13 Subjective norms | .07** | -.00 | -.01* | -.04* | .21** | .21** | .11** | .20** | .22** | .16** | .16** | .29** | - | | 1.15 |
| 14 Perceived behavioral control | .15** | -.04* | .06** | -.04* | .32** | .15** | .04* | .21** | .31** | .08** | .23** | .36** | .20** | - | 1.27 |

Notes: ^a Coding: 1 = "employee", 2 = "founder", 3 = "successor". **p<0.01, *p<0.05.

Main analyses

Career choice reasons and career choice intentions

Table 6.3 presents the results of the hierarchical multinomial logistic regression. The coefficients in these models display the estimates for the career choice reasons, three main TPB elements, and entrepreneurship education focusing on comparisons of “employees” v.s “founders,” and “employees” v.s “business takeovers.” Model 1a and 1b focus on control variables only, whilst Model 2a and 2b focus on both control and independent variables. The findings report that age and ethnicity are not associated with career choice intentions, while gender has a significant impact on the likelihood of career path intentions. In comparison with women, men have a higher likelihood of being both intentional founders and successors.

With respect to career choice reasons, we find significant differences among three groups of intentional individuals (e.g., employees, founders, and successors) in terms of innovation, social mission, roles, and recognition (see Model 2a and 2b, Table 6.3). List of seven career choice reasons, innovation is the most important motivation for the founding intention, roles motivation is the first priority regarding the succession intention, and social mission reason is a high priority on intentional employees’ list of reasons. Furthermore, the findings in Model 2a indicate that innovation reason is significantly associated with founding and employee intentions. More precisely, individuals who intend to be a founder display a higher innovation motivation than those with the intention of being an employee ($\beta = 0.454$, $p < 0.001$), whereas we find no difference in this career reason between intentional successors and employees.

Concerning social mission, the results in Model 2a and 2b report that respondents with high levels of social mission motivation are less likely to opt for either a founder or a successor than for an employee ($\beta = -0.122$, $p < 0.05$; $\beta = -0.347$, $p < 0.05$). Model 2a and 2b also show a significant difference in roles career reason for an employee, a founder, and a succession intention. That is, respondents who demonstrate a higher roles motivation have a lower likelihood to be a founder than to become an employee ($\beta = -0.147$, $p < 0.001$), however, those individuals with offering the high importance of roles motivation are more likely to embark on a career intention as a successor than an employee ($\beta = 0.361$, $p < 0.05$). Recognition career reason, there is no significant and different statistics for this motivation between succession and employee intentions. However, respondents with emphasizing the high need for recognition motivation less plan to engage in the founding intention than to be organizational employment (Model 2a, $\beta = -0.188$, $p < 0.001$). On the remaining three kinds of career choice reasons, such as self-realization, financial success, and independence, there is no difference among employee, founding, and succession intentions.

The theory of planned behavior elements and career choice intentions

Regarding the relationship between three main TPB elements and career choice intention, we find that entrepreneurial attitude, and perceived behavioral control are significantly associated with career path intention, whereas we find no significant impact from subjective norms (see Table 6.3, Model 2a and 2b). A positive coefficient for attitude in Model 2a shows that respondents who report higher scores on entrepreneurship attitude more tend to step into startups than opt for employment ($\beta = 0.467$, $p < 0.001$). Contrary to our expectations, intentional successors and intentional employees do not differ in attitude towards entrepreneurship. Perceived behavioral control positively and significantly influences the founding intention. That is, individuals having stronger belief in their capacity regarding the fulfillment of the creation of new ventures more tend to become a founder than to be an employee ($\beta = 0.257$, $p < 0.001$).

Table 6.3: Results of multinomial logistic regression analyses^a.

| Model | 1a | 1b | 2a | 2b |
|------------------------------|---------------------|----------------------|----------------------|----------------------|
| Variable | Founding intention | Succession intention | Founding intention | Succession intention |
| Control variables | | | | |
| Age | -0.020 (0.032) | 0.012 (0.089) | 0.021 (0.035) | 0.041 (0.090) |
| Male | 0.286*** (0.076) | 0.441** (0.203) | 0.178** (0.082) | 0.329 (0.202) |
| Ethnicity | 0.003 (0.178) | 0.228 (0.527) | 0.115 (0.190) | 0.345 (0.527) |
| Independent variables | | | | |
| <i>Career choice reasons</i> | | | | |
| Innovation | | | 0.454*** (0.060) | 0.224 (0.159) |
| Self-realization | | | 0.062 (0.069) | -0.098 (0.171) |
| Financial success | | | 0.005 (0.058) | -0.131 (0.172) |
| Social mission | | | -0.122** (0.051) | -0.347** (0.136) |
| Roles | | | -0.147*** (0.051) | 0.361** (0.153) |
| Independence | | | 0.111 (0.073) | 0.266 (0.187) |
| Recognition | | | -0.185*** (0.055) | -0.092 (0.149) |
| <i>TPB components</i> | | | | |
| Attitude | | | 0.467*** (0.065) | 0.034 (0.169) |
| Subjective norms | | | -0.003 (0.016) | 0.025 (0.039) |
| Perceived behavioral control | | | 0.257*** (0.055) | 0.213 (0.139) |
| Pseudo R2 | 0.003 | 0.003 | 0.060 | 0.060 |
| Log Likelihood | -2,460.868 | -2,460.868 | -2,315.885 | -2,315.885 |
| Obs. | 3,005 | 3,005 | 2,996 | 2,996 |

Notes: ^aThe comparison baseline is “employee intention”. ***p < 0.01, ** p < 0.05, *p < 0.10.

6.5 Conclusion and discussion

6.5.1 Discussion

This study investigates how intentional successors differ from both intentional founders and employees regarding career choice motivations, and three main TPB elements in Vietnam context – an emerging market as well as a transition economy (Santarelli & Tran, 2013; Tran, 2019), where this topic has been silent. We find that list of seven identified career reasons, innovation is the most important motivation for the founding intention, whereas roles motivation is intentional successors' first priority, and intentional employees' top priority is social mission. These have not previously been addressed. Moreover, our findings report that innovation motivation (e.g., being innovative, at the forefront of technology, developing an idea for a product, and exploiting a specific business opportunity) is more important reason for individuals to start a new firm rather than for employees, while no significant differences in innovation between intentional successors and employees. In fact, to start a new firm, individuals need to have a business idea, develop a new product, or find customers or distribution channels. As Kay and Schlömer-Laufen (2016) argue, having a business idea is more important for starting a new venture, whereas recognizing a sustainable firm is more valuable for taking over an existing one (Bastié et al., 2013). Our finding is also consistent with suggestions of Kolvereid (1996a), who argues that individuals with a willingness to become an entrepreneur often offer reasons on economic opportunities.

In addition, our study reveals that intentional successor stresses the need for roles motivation compared to an employee, who rates, however, higher scores on this reason than those with the intention of becoming a founder. An intentional successor comes from family firms or a management buy-in/buy-out (Cooper & Dunkelberg, 1986). Within family firms, individuals prefer taking over a ready business to starting a new one (Block et al., 2013; Parker & Van Praag, 2012). One possible argument for this career decision can be reasoned by continuing a family tradition. Within family firm buy-out, individuals favor purchasing an existing business over starting a new creation because of avoiding risks (e.g., uncertain customers, distribution channels) (Bastié et al., 2013; Block et al., 2013). To succeed in the business transfer, the familiarity between a seller and a buyer is the best predictor (van Teeffelen, 2010). In this situation, sellers or predecessors, who can be viewed as a role model of buyers (successors), can encourage and motivate them to be a successor. Presumably, following in predecessor's footsteps may be a reason for individuals to buy an existing firm. By comparison with the succession and founding intentions, social mission is more important for the employee intention, which is in line with the arguments of Kolvereid (1996a).

Regarding the relationship between three TPB elements and three career choice intentions, we provide strongly supportive of a relation between entrepreneurial attitude and founding intention. The finding also shows that high levels of perceived behavioral control are positively associated with intentional founders compared to employees. These results are in line with prior studies and traditional entrepreneurship research (Ajzen, 1991; Kolvereid, 1996b; Solesvik et al., 2012; Tkachev & Kolvereid, 1999). That is, individuals express a positive perception of entrepreneurship, feel more confident of running and managing a new firm or startup project, they are more willing to engage in entrepreneurship. Although Zellweger et al. (2011) point out that high levels of general locus of control increase the likelihood of being organizational employment instead of self-employment, their scale is different from our measure, and the sample is students with family background only. Moreover, they explain that students from family firms are pessimistic about being in control in an entrepreneurial career, but optimistic about their efficacy to choose a career as an entrepreneur (Zellweger et al., 2011). With respect to subjective norms, the statistics report an insignificant impact that is in line with prior studies (Liñán & Chen, 2009; Solesvik et al., 2012). They argue that the relationship between subjective norms and entrepreneurship intentions may depend on cultural contexts across nations, for example, this link may differ in the collectivism-individualism culture (Liñán & Chen, 2009).

6.5.2 Contributions

This study has several contributions to the entrepreneurship literature. First, we add empirical evidence to entrepreneurship literature to affirm the different motivations and reasons for preferring founding, succession, and employee as career choice intentions (Block et al., 2016; Carter et al., 2003; Shane et al., 1991; Zellweger et al., 2011). Our findings suggest that a founder is labeled with innovation, a successor is labeled with roles, and an employee is labeled with social mission. Also, this study enlarges the small scope of the literature on the determinant factors of the paths to entrepreneurship as well (Block et al., 2013; Parker & Van Praag, 2012; Xi et al., 2018).

Second, we extend the application of the TPB in entrepreneurship research as well as in transition economies (Ajzen, 1991; Krueger et al., 2000). This study shows how three main TPB components impact on three career choice intentions. Our result supports the concept of the theory and is also consistent with the previous finding. That is, respondents reporting high levels of attitude toward entrepreneurship intend to become self-employed (Adam-Müller et al., 2015; Kolvereid, 1996b; Solesvik et al., 2012). In addition, our findings show strong statistical support for the theory in terms of a positive relationship between perceived behavioral control and career decisions as an intentional founder (Kolvereid, 1996b; Krueger & Carsrud, 1993; Krueger et al., 2000). Individuals who are

more confident about their capacity for managing and controlling a new venture creation show a higher likelihood of being a founder or a successor than becoming an employee.

Third, we contribute to explaining the entrepreneurship phenomenon in transition countries as well as emerging economies (Chang & Wu, 2014; Santarelli & Tran, 2013; Tran, 2019). We provide the ongoing discussion of how individuals in a transition economy offer motivation for their further career decisions, and whether and how entrepreneurial attitudes, subjective norms, and perceived behavioral control affect their career path intentions (Solesvik et al., 2012). Finally, the findings add to the literature on how males and females differ in their career choice intentions, namely employee, founding, and succession (Iakovleva & Solesvik, 2014).

6.5.3 Implications

The findings of this study make several practical implications for policymakers and practitioners. Our results reveal that innovation is the most important motivation for respondents with the willingness to be a founder, and social mission is the top reason for respondents intending to be organizational employment. Thus, policymakers and educators aiming at setting up career training programs for students after completion of studies should account for these differences to design and target promotions to these particular subgroups (founders, successors, and employees). In addition, our study argues that to encourage individuals to involve in entrepreneurship as an entrepreneur, practitioners should offer programs associated with innovation.

Moreover, our finding has important practical implications for practitioners in transition economies since the privatization of SOEs can be considered one of the target programs of economic reforms in these countries (Denisova et al., 2009; Kaltenthaler et al., 2006; Loc et al., 2006). This study shows that roles motivation is the leading reason for respondents' succession intentions. Hence, policymakers aiming to improve the business transfer process should consider this motivation to plan successors in an effective way.

Furthermore, the findings may be useful for owners of (family) firms who are seeking (outside) potential successors. Building business children can inherit, and following the example of an admired person are the highest important reasons for respondents with the intention of being a successor, consequently, (family) firm owners should consider these motivations to make a great match based on intentional successors' needs.

Last but not least, our finding suggests that by comparison with females, males show the preference for being either a founder or a successor than for becoming an employee for another organization. This challenges educators and policymakers to think about entrepreneurship promotions and

programs for women. We, therefore, argue that if university administrators or policymakers are interested in increasing entrepreneurial inspiration among female students, they should offer special entrepreneurship programs for those individuals.

6.5.4 Limitations and further research directions

This study is not without its set of limitations. First, we employed Ajzen's TPB to predict career choice intentions among individuals. Further research could employ Shapero's model of the entrepreneurial event in the same setting to validate the robustness of the findings.

Second, we are interested in motivations and reasons that individuals offer prospective accounts for their career choice, rather than retrospective reminiscences, our target population is, therefore, students. Previous studies have indicated that students may be considered potential entrepreneurs since they are approaching a career path after the completion of studies at which they might either intend to be an employee or step into entrepreneurship as a successor or become a self-employed (Fitzsimmons & Douglas, 2011; Solesvik et al., 2012). Still, the question is that the results are valid for individuals with different backgrounds and educations. It would be interesting to learn more about this on other respondents.

Finally, this study uses the Vietnam context – a developing country as an emerging economy. The same approach analyzed in this study from other backgrounds may provide different results. Our question is whether these empirical findings apply to other transition countries in Central and Eastern Europe like Poland, Hungary. We would suggest the same approach as analyzed in this study for these countries or East vs. West Germany.

7. Conclusion

This chapter provides a conclusion to the dissertation. Section 7.1 summarizes the main findings of the previous chapters, while Section 7.2 discusses the main findings of the thesis. Section 7.3 highlights the theoretical and practical implications. This dissertation concludes with the main limitations and suggestions for further directions in Section 7.4.

7.1 Summary of the main findings

Chapter 2 provides a bibliometric and a systematic literature review on the effect of socialism at the individual level over a 30-year period (1990-2020) according to three main research streams: socialism and individuals' values and attitudes, socialism and individuals' attitudes toward entrepreneurship, and socialism and entrepreneurship activity of individuals. With regard to the bibliometric analysis (**RQ 1.1**) presented in Chapter 1, the review process yielded a total of 84 academic articles related to socialism and individuals' values and attitudes, 56 scientific papers on socialism and entrepreneurship activity, while there were a few studies (only 4) on socialism and individuals' attitudes toward entrepreneurship. And the majority of studies investigated these three sub-streams in the 2010-2020 period. With respect to **RQ 1.2**, Journal of Comparative Economics was the leading position of publishing articles on socialism and individuals' values and attitudes (7 each), Journal of Business Venturing was the top journal of socialism and entrepreneurship activity with 8 articles.

In terms of geographic regions, European countries, Germany (East-West differences) in particular, received the most attention. In reply to **RQ 1.3**, Denisova was the most productive author contributing to the literature on the effect of socialism on individuals' values and attitudes (3 articles), Welter, and Wyrwich produced the highest number of studies on socialism and entrepreneurship activity with 6 papers, while Mueller and Thomas contributed to socialism and entrepreneurial views. In regard to **RQ 1.4**, the overall review revealed that the long-suffering vestiges of communism lead individuals with socialist history fear of failure, prefer government intervention, which, in turn, negatively impacts on entrepreneurship activity. However, other existing studies provided mixed findings. Still, only a few empirical studies focused on the impact of socialism on individuals' attitudes toward entrepreneurship.

The findings of **Chapter 5** answer **RQ 2**, which focuses on the effect of institutional and historical legacy on entrepreneurship outcomes in the transitioning context of Vietnam. Vietnam offers a unique quasi-experimental setting since differences in institutional and historical framework conditions between the North and the South for more than 20 years. That is, North Vietnamese people have undergone about 20 years longer formerly socialist experience during their life, compared to those from South Vietnam. To investigate the influence of socialist history on entrepreneurship, we conducted a paper-based survey of more than 3,000 Vietnamese respondents. The findings show significant differences in entrepreneurship outcomes regarding entrepreneurship intention, participation in entrepreneurship courses/workshops, and business takeover between North and South Vietnamese individuals. More precisely, people from the North report lower entrepreneurship intentions than their

South Vietnamese counterparts. In addition, our results indicate that individuals in the North are less likely to take part in entrepreneurship-related activities compared to those from the South.

Moreover, we are interested in investigating the preferred mode of entry into entrepreneurship (e.g., new venture startup vs. business takeover) between North and South Vietnamese respondents whose close family member is self-employed. This restriction reduces our sample to 1,489 respondents. The findings reveal a significant effect of socialist legacy on entrepreneurship activity. Specially, people from North Vietnam have a significantly lower intention to start a new venture creation and a significantly lower intention to take over a business, compared to those from South Vietnam.

Chapter 6 replies to **RQ 3.1** and **RQ 3.2**. Despite an increase in investigating career choice reasons between (nascent) entrepreneurs and non-nascent entrepreneurs, males and females, little is known about career choice reasons for succession intentions. This chapter focuses on how succession intentions differ from founding and employee intentions regarding career choice reasons, and the effect of three main components of the TPB (attitudes, subjective norms, and perceived behavioral control). This chapter uses the same dataset (more than 3,000 Vietnamese respondents) presented in Chapter 5 and applies multinomial logistic regressions. The results indicate that innovation has the highest significant impact on the founding intention, roles motivation is shown in the strongest association with the succession intention, while social mission is the most important reason for the employee intention (**RQ 3.1**).

With respect to **RQ 3.2**, the findings reveal that respondents with the willingness to start a new firm place higher importance on innovation than those with the intention of being an employee. By contrast, individuals with the intention of becoming a successor offer a high score on roles motivation than those with preferences for being a founder and an employee. Respondents who opt for employment rate a higher score on social mission compared to both alternatives. Regarding the effect of three main TPB elements, entrepreneurial attitude, and perceived behavioral control are positively associated with founding intention, whilst there is no difference in this effect between succession and employee intentions.

7.2 Discussion of the main findings

The first finding in this dissertation refers to a review of the literature on the effect of socialism at the individual level in transition economies (Chapter 2). This review offers a clearer picture of three streams: socialism and individuals' values and attitudes, socialism and individuals' attitudes toward entrepreneurship, and socialism and entrepreneurship activity of individuals. As outlined in Section 7.1, most research in the review uses a sample from European countries. It may stem from the fact

that the selection criteria of this review are restricted to electronic databases, or the data from non-European countries are not available and accessible. Moreover, only two studies in the review are experimental designs. Experiment studies give causal effects and help to design relevant policies in effective ways. Further studies are needed to incorporate designs that allow for the measurement of causal effects.

The legacy effect of the formerly socialist institutions on entrepreneurship intentions examined in this dissertation finds that individuals from North Vietnam with longer formerly socialist treatment less intend to engage in entrepreneurship than their South Vietnamese counterparts (Chapter 5). This finding is in line with the arguments of [Wyrwich et al. \(2016\)](#), who argue that in regions with low approval of entrepreneurship (e.g., East Germany), the entrepreneurial role model effect is low. Low approval may decrease peer effects and lead individuals in this environment to engage less in entrepreneurship activity. For example, among East Germans, who were exposed more time to socialism compared to West Germans, knowing an entrepreneur increases fear of failure ([Wyrwich et al., 2016](#)). Fear of failure hinders entrepreneurship among Eastern Europeans ([Estrin & Mickiewicz, 2011](#)).

Additionally, Chapter 5 finds that respondents from the North have a lower likelihood to take part in entrepreneurship education programs than do individuals from the South. [Boenisch and Schneider \(2010\)](#) argue that the enduring impact of communist history in East Germany leads East Germans to invest in less social networks (e.g., interaction with other members) ([Bönisch & Schneider, 2013](#)). Social interaction with entrepreneurs can help individuals gain more information about opportunities for new ventures ([Davidsson & Honig, 2003](#); [Ozgen & Baron, 2007](#)). These outcomes, in turn, may encourage participants to participate in entrepreneurship-related activities. [Stuetzer \(2014\)](#) suggests that entrepreneurial opportunities that are important motivation for individuals' entrepreneurial intentions and activity tend to be more prevalent in regions with a higher share of the creative class ([Stuetzer et al., 2014](#)). Thus, low social interactions in the community because of the communist legacy may be explained why North Vietnamese respondents have lower entrepreneurship intentions, and are less likely to enroll in entrepreneurship programs. In contrast, [Walter and Block \(2016\)](#) argue that in entrepreneurship-hostile institutional environments, in which the share of persons with a favorable opinion of entrepreneurship is low, entrepreneurship education that is a critical source of individuals' entrepreneurial motivation has stronger relationships with entrepreneurial activity ([Block et al., 2013](#); [Huber et al., 2014](#); [Peterman & Kennedy, 2003](#)). In such an environment, entrepreneurship education can lead individuals to believe in their ability to overcome barriers, such as limited access to finance, complex regulations, and high corruption. If the finding of [Walter and](#)

[Block \(2016\)](#) is conditional and generalizable to North Vietnam's entrepreneurship-hostile environment, the content of entrepreneurship education may account for the lower participation in entrepreneurship programs among individuals from the North.

Moreover, another interesting finding in Chapter 5 shows that, compared to South Vietnamese respondents who are exposed to the experiences of their parents or close family members, North Vietnamese people with such experience have lower intentions to start a new firm and take over an existing business. The negative effect is more pronounced in the case of business takeovers. This finding means that individuals from the North have a particular aversion to business takeover rather than new venture creation. One potential explanation is that socioeconomic changes in transition economies may create potential chances for new ventures ([Peng, 2001](#); [Welter, 2011](#)). In transitional countries, for example – Ukraine, the number of self-employed being lawyers and consultants has emerged because of the growing demand for solving taxation or accounting issues, and dealing with business procedures and administrations ([Welter, 2011](#)). Being a solo self-employed as a freelance lawyer or consultant does not require a high level of qualification ([Wyrwich, 2013a](#)). In contrast, [Block et al. \(2013\)](#), and [Parker and Van Praag \(2012\)](#) argue that individuals with entrepreneurial families favor business takeovers over new venture startups. In addition, in contexts with lacking bank loans and limited access to venture capital, individuals prefer a new venture to a business takeover because taking a ready business is more costly ([Bastié et al., 2013](#); [Block et al., 2013](#)). Thus, this thesis argues that the effect of parental self-employment on their children's entrepreneurship entry modes between business takeovers and new venture startups depends on the context. In North Vietnam's entrepreneurship-hostile environment, in which its transition process may create opportunities for new ventures, and the private sector receives meager loans from banks and financial institutions ([Nguyen & Nordman, 2018](#)), individuals from family firms intend to start a new firm as an entry mode.

Furthermore, this thesis identifies three main career reasons that are associated with three respective career choice intentions: founding, succession, and employee (Chapter 6). First, innovation is positively related to the founding intention. Innovation motivation consists of being innovative, at the forefront of technology, developing an idea for a product, and exploiting a specific business opportunity. This result is consistent with previous findings ([Kolvereid, 1996a](#); [Xi et al., 2020](#)), who reveal that new firm creators are motivated by the pursuit of business opportunities. A similar result is suggested by [Block et al. \(2017\)](#), innovative entrepreneurship originates from a nexus of individuals and opportunities ([Shane, 2003](#)). [Block et al. \(2017\)](#) review that sources of opportunities for innovative entrepreneurship include inventors, innovative and demanding users, employees, and academics for innovative entrepreneurship. Inventors will be innovative entrepreneurship if they develop new

technologies or products and then start a new firm to commercialize these products or technologies (Markman et al., 2002). Similar to inventors, innovative and demanding users will be innovative entrepreneurship if they develop an idea for products and then start a new venture to commercialize these products or services for their own use (Adams et al., 2013). Employees, as well as former employees, will be innovative entrepreneurship if they quit their employer to start a new venture that is closely related to the former firms in terms of their innovative orientation (Klepper, 2001). Innovative entrepreneurship in academics comes from universities or research institutions in which knowledge or technology is initially developed and then transferred to industry (Djokovic & Souitaris, 2008; Fini et al., 2011; Shane, 2004).

Second, roles motivation correlates positively with the succession intention. Role motivation includes continue a family tradition, build business children can inherit, and follow the example of a person. This result is in line with prior suggestions (Block et al., 2013; Kay & Schlömer-Laufen, 2016; Parker & Van Praag, 2012). Block et al. (2013) find that individuals whose parents are self-employed prefer taking over a ready business to starting a new one (Parker & Van Praag, 2012). As Xi et al. (2020) show, business acquirers are motivated by long-term entrepreneurship, which refers to the entrepreneur's long-term planning for the firm. Within family firm buy-out, to succeed in the business transfer, the familiarity between a seller and a buyer is the best predictor (van Teeffelen, 2010). In this situation, sellers or predecessors, who can be viewed as a role model of buyers (successors), can encourage and motivate them to be a successor. Presumably, following in predecessor's footsteps may be a reason for individuals to buy an existing firm. Third, social mission is positively associated with the employee intention, which is in accordance with the arguments of Kolvereid (1996a).

7.3 Theoretical and practical implications

7.3.1 Implications for theory

The main contribution of this dissertation with respect to socialism and entrepreneurship can be divided into three sub-categories.

Socialism and entrepreneurship literature (Chapter 2): This dissertation contributes to the evolving literature on socialism and entrepreneurship at the individual level that previous studies have been silent (Manev & Manolova, 2010; Ojala & Isomäki, 2011; Yang & Li, 2008) in several ways. First, by performing a bibliometric analysis of the relationship between socialism and entrepreneurship according to three sub-streams: socialism and individuals' values and attitudes, socialism and

individuals' perception of entrepreneurship, and socialism and entrepreneurship activity of individuals, the literature provides a better understanding of the evolution of the effect of socialist heritage on entrepreneurship research over a 30-year period (1990-2020). Specially, this review contributes to the literature on the effect of socialism by mapping a bibliometric analysis – for example, which journals published the highest number of socialism and entrepreneurship-related articles, who were the most productive authors on these research streams, and which regions attracted researchers' attention over time.

Second, this thesis adds to the literature review search on socialism and entrepreneurship at the individual level, whereas prior studies have mainly focused on the firm level and the country level (Manev & Manolova, 2010; Ojala & Isomäki, 2011). By conducting an in-deep review and a systematic structure of three main research streams in the field of socialism and entrepreneurship, this dissertation identifies the different themes being researched with each stream that previous research has lacked systematization and categorization. In addition, this review addresses research gaps of existing studies and suggests avenues for further research. The results show that research on the effect of socialist history on individuals' attitudes toward entrepreneurs/entrepreneurship has been rare to date (Adam-Müller et al., 2015; Mueller & Thomas, 2001).

Socialist heritage and entrepreneurship outcomes (Chapter 5): The findings contribute to the literature in multiple ways. First, this thesis enlarges the small scope of entrepreneurship scholars on the long-lasting effect of socialist legacy on entrepreneurship beyond the cultural context of Germany and Eastern European countries. Most prior studies have mainly focused on the enduring influence of socialist heritage in transitional economies in Europe and the former Soviet Union after the collapse of the Eastern Bloc around 1989 (Aidis et al., 2008; Alesina & Fuchs-Schündeln, 2007; Wyrwich, 2013a; Xu et al., 2014). Second, the results add to the entrepreneurship education literature by providing the ongoing discussion of how external framework conditions affect enrollment in entrepreneurship programs (Walter & Block, 2016). Third, the thesis contributes to the literature on entrepreneurship in emerging economies (Chang & Wu, 2014; Santarelli & Tran, 2013; Tran, 2019). The findings show how historical and institutional legacies still impact on entrepreneurial development in transition countries as well. Finally, the dissertation enriches empirical evidence on the determinants of the mode of entry into entrepreneurship (Block et al., 2013; Parker & Van Praag, 2012; Xi et al., 2018), as well as on the emergence and persistence of entrepreneurial culture via an intergenerational transmission (Fritsch et al., 2018; Wyrwich, 2013b). The results report that individuals living in regions with more prolonged socialist history are less likely to start a new firm and take over an existing business, although their parents or close family members are self-employed. Thus, the emergence of an entrepreneurship culture is hampered by such historical legacy.

Succession, founding, and employee intentions (Chapter 6): This dissertation has several contributions to the literature on career choice intentions. First, prior studies have often analyzed career choice reasons of intentional entrepreneurs (Scheinberg & MacMillan, 1988; Shane et al., 1991), entrepreneurs vs. non-entrepreneur (Carter et al., 2003; Kolvereid, 1996a), and males vs. females (Carter et al., 2003). This thesis extends the literature on career choice reasons and confirms that there is a substantial difference in motivation for being an employee, a founder, and a successor. The findings suggest that an employee, a founder, and a successor are labeled with social mission, innovation, and roles motivation, respectively. Second, this dissertation broadens the theoretical application of the TPB model to entrepreneurship literature. The results are in line with previous suggestions of Krueger et al. (2000) and support the concept of the theory of TPB (Ajzen, 1991). That reveals a positive association between entrepreneurial attitudes and being self-employed (Kolvereid, 1996b; Solesvik et al., 2012), the more confident about internal locus of control, the more individuals are likely to engage in entrepreneurship (e.g., new venture startups) (Iakovleva & Solesvik, 2014; Krueger & Carsrud, 1993). However, there is no impact of subjective norms on being self-employed, as argued by prior research (Liñán & Chen, 2009). Third, the dissertation contributes to the literature on how males and females differ in their career choice intentions, namely employee, founding, and succession (Iakovleva & Solesvik, 2014).

7.3.2 Implications for practice

The empirical findings of this dissertation provide several practical implications for practitioners and policymakers as well as for (family) firm owners who plan to transfer their business to the next generation or potential successors.

Policy makers: Chapter 5 reports the long-lasting effect of historical and institutional legacies on entrepreneurship. That is, people from regions with longer socialist treatment are less likely to take part in entrepreneurship courses, and also less intend to be self-employed compared to those from environments with shorter socialist history. These findings are consistent with suggestions of prior studies (Fritsch et al., 2014; Fritsch et al., 2018; Wyrwich, 2013a). Policymakers, therefore, should pay attention to these differences to design entrepreneurship programs to particular groups of society. Moreover, the results indicate that people living in areas with more intensively socialist treatment are less willing to start a new firm and take over a ready business, although their parents or close family members are self-employed. These findings challenge policymakers to pay attention to entrepreneurship promotions if they are interested in encouraging individuals from family firms to continue taking over their parents' businesses. Hence, with the great hope of promoting the development

of the region's economy through the traditional family business, regional practitioners should consider improving the image and role of family businesses to motivate potential family firm successors.

Furthermore, the finding suggests that individuals from regions with a prolonged history of inhibiting entrepreneurship (e.g., North Vietnam) show a lower enrollment on entrepreneurship courses/workshops. This challenges educators and policymakers to think about the current entrepreneurship promotions and programs at universities and institutions. [Walter and Block \(2016\)](#) argue that entrepreneurship education (e.g., participation in entrepreneurship-related courses) has a positive effect on entrepreneurship activity in entrepreneurship-hostile environments (e.g., limited financial capital availability, negative public image of entrepreneurs). Consequently, to foster entrepreneurship activity as well as increase students' entrepreneurial inspiration, educators and practitioners, Vietnam in particular, should consider entrepreneurship programs as a compulsory subject in the university curricula. Additionally, policymakers should pay attention on offering more entrepreneurship education programs for students since only a few universities currently focus on entrepreneurship subjects, but it remains at basic levels ([Khuong & An, 2016](#)). Beyond promotions with business-related knowledge, skills, and experience (know-how), they should provide financial support for students as well as nascent entrepreneurs.

In addition, the results of Chapter 6 reveal that intentional founders express the most importance on innovation motivation, while potential successors emphasize the highest scores on roles reason, and social mission is the top reason for individuals with the intention of being organizational employment. Thus, career training programs to facilitate starting a new venture creation as well as taking over an existing business, and applying for a job as an employee should be tailored to the needs of each type of career intentions (e.g., founding, succession, and employee intentions). The findings show that innovation motivation, such as exploiting a specific business opportunity, is positively associated with the founding intention. As argued by [Stuetzer et al. \(2014\)](#), entrepreneurial culture in regions has a positive influence on the individual perception of founding opportunity, which is one of the strong predictors of entrepreneurship intentions and activity. Hence, regional policymakers should offer entrepreneurship-related activities in which individuals can share business ideas and business-related skills and experience. These outcomes can help individuals to identify potential opportunities for new ventures ([Stuetzer, 2014](#)). Furthermore, the findings have important practical implications for practitioners in transition economies as well as in (former) socialist countries since the privatization of SOEs can be considered one of the target programs of economic reforms from the centrally planned economy to a market-based economy ([Denisova et al., 2009](#); [Kaltenthaler et al., 2006](#); [Loc et al., 2006](#)). The result shows that roles motivation is the leading reason for respondents'

succession intentions. Hence, policymakers who aim at improving the successful business transfer process should consider this motivation to plan successors in an effective way.

Last but not least, the finding suggests that by comparison with females, males show the preference for being either a founder or a successor than for becoming organizational employment. In light of the differences in profiles of career choice intentions between men and women, if university administrators or policymakers are interested in increasing entrepreneurial inspiration among female students, they should offer special entrepreneurship programs for those individuals.

(Family) firm owners: The results of Chapter 5 indicate that individuals whose parents or close family members are self-employed demonstrate a lower likelihood of being either a founder or a successor. This effect is more pronounced for individuals from regions with more socialist treatment rather than for people from areas with less this treatment. This finding can be a challenge for family firm owners who aim at seeking inside successors (their offspring). However, they should be aware that not all children of self-employed parents intend to take over a ready firm (Scholes et al., 2009; Zellweger et al., 2011). The statistic from the International Survey on Collegiate Entrepreneurship (ISCI) reports that in a total of 9,904 students with the family firm background, of which 609 (6%) intend to continue their parents' business, 1,808 (18%) plan to open their own businesses, 2,946 (30%) intend to be employees, and 4,541 (46%) did not decide yet their career intentions (Zellweger et al., 2011). On the other hand, Chapter 5 shows that between these two types of entrepreneurship (e.g., star-up vs. business takeover), individuals from self-employed parents or close family members who were exposed more time to socialism prefer starting a new firm to taking over an existing one. As Parker and Van Praag (2012) suggest, parents can provide the chances for their kids to gain real entrepreneurship-related knowledge and experience, which can improve children's ability to make a decision to take over a firm rather than to start a new one. Therefore, if family firm owners plan to transfer their business to the next generation, they should let children work in their business or take part in business meetings or enter into negotiations with suppliers, customers, and business partners.

Additionally, the findings of the dissertation (Chapter 6) point out that among seven career choice reasons, such as innovation, self-realization, financial success, social mission, roles, independence, and recognition, roles motivation (e.g., continue a family tradition, build business children can inherit, and follow the example of an admired person) is the highest important reason for respondents with the intention of becoming a successor. Consequently, if owners of (family) firm aim to seek (outside) potential successors, they should consider these motivations to make a great match based on intentional successors' needs.

7.4 Limitations and further research avenues

This dissertation is not without its set of limitations that, however, can suggest several directions for further research. First, there are limitations related to the methodology used in Chapter 2. Despite taking intensive efforts to search and identify relevant articles focusing on the relationship between socialism and entrepreneurship, this literature may not capture all papers on the effect of socialism on individuals according to three main research streams: values and attitudes, entrepreneurial attitudes, and entrepreneurship activity. In particular, books, book chapters, and conference papers were excluded. Also, the search included articles in English only. This review may not compare to other literature reviews, which have comprised of academic papers published in the indigenous languages. In addition, the application of bibliometric analysis to reporting the most influential papers, and the most productive authors can lead an overestimate as well as underestimate since older studies have a stronger and longer presence. Moreover, the literature search identified papers, which were then classified according to the characteristics of socialism analyzed, such as formal and informal effects only. Further systematic literature could review the enduring impact of socialism and divide into different categories, for example, entrepreneurship education, entrepreneurship process, old vs. young people, and males vs. females.

Second, the dissertation does not apply the full TBP model and use intentions as the main dependent variables. Although intentions are considered as the most robust predictors of an individual's behavior (Ajzen, 1985, 1991), prior studies have pointed out that entrepreneurial intentions do not always translate into actual entrepreneurial actions (Kautonen et al., 2015; Van Gelderen et al., 2015). In other words, not all entrepreneurial intentions are translated into actual entrepreneurship actions since the intention-action relationship may be affected by internal factors (e.g., lack of business-related experience, and knowledge) as well as external factors (e.g., difficult access to financial capital, a long process of setting up a business). In formerly socialist countries like Vietnam, SOEs have priority over private firms (e.g., SMEs, and micro small enterprises) in making venture capital offerings by credit institutions as well as bank loans (Nguyen & Nordman, 2018; Webster & Taussig, 1999). This may prevent individuals from translating their entrepreneurial intentions into actual behavior. This intention-action relationship potentially limits the generalizability of the findings beyond the construct of entrepreneurial intentions. Building on this result, further search could further investigate entrepreneurial action by using the same setting against the history of socialist institutional framework.

Third, Chapter 5 uses “origin: North Vietnam” as the main independent variable to measure the historical and institutional legacy only. The “origin” is the most frequently used as a proxy for the

long-lasting impact of socialist heritage in previous studies (Fritsch et al., 2014; Wyrwich, 2013a). For example, “origin: East Germany” has been frequently used to analyze how much East-West Germany differ in entrepreneurship before, during, and after the fall of the Berlin Wall around 1989 (Fritsch et al., 2018; Fritsch & Wyrwich, 2017; Wyrwich, 2017). This measure is reliable and valid. Nevertheless, this dissertation lacks information on types of experience, for example, internship-experience, industry-experience, and family business-related experience, which can affect entrepreneurial intentions, and ultimately, actions (Aidis & Van Praag, 2007; Fritsch et al., 2014). Further research could, therefore, add these variables in the analysis to validate the robustness of the thesis’s findings.

Fourth, the target population of this dissertation is students. Previous studies have indicated that students may be considered potential entrepreneurs since they are approaching a career path after the completion of studies at which they might either intend to be an employee or step into entrepreneurship as a successor or become a self-employed (Fitzsimmons & Douglas, 2011; Hsu et al., 2019; Solesvik et al., 2012). Furthermore, Chapter 6 focuses on motivations and reasons for choosing further career choices of individuals who offer prospective accounts for their career decisions, rather than retrospective reminiscences. Thus, student samples can be particularly useful and suitable when analyzing career choice intentions (Hsu et al., 2019; Hsu et al., 2017; Krueger et al., 2000). Still, a question arises as to whether the findings are valid for individuals with different socioeconomic characteristics. Further research could reassess the findings by using different respondents, for example, (part-/full-time) employees.

Finally, this dissertation exploits empirical examinations in the context of Vietnam. The distinctive history of North Vietnam as compared to the South offers a special case to investigate the enduring effect of formerly socialist legacy on entrepreneurship. However, a question is whether these empirical findings apply to other transition countries in Central and Eastern Europe like Poland, Hungary. Further research, therefore, could use the same approach as analyzed in this dissertation for these countries or East vs. West Germany.

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Appendix

Table A2.1: List of all journal publishing articles on socialism and entrepreneurship.

| Journal | Number of articles | 1990-1999 | 2000-2009 | 2010-2020 |
|--|--------------------|-----------|-----------|-----------|
| <i>Socialism and individuals' values and attitudes</i> | | | | |
| Academy of Management Journal | 2 | 2 | | |
| Acta Sociologica | 1 | | 1 | |
| American Economic Review | 2 | 1 | 1 | |
| American Journal of Political Science | 1 | | 1 | |
| American Political Science Review | 4 | 3 | 1 | |
| Communist and Post-Communist Studies | 6 | 2 | 2 | 2 |
| Comparative Economic Studies | 1 | | 1 | |
| Comparative Economic Studies | 1 | | | 1 |
| Democratization | 1 | | | 1 |
| Economic Systems | 2 | | 1 | 1 |
| Economics of Transition | 1 | | | 1 |
| Electoral Studies | 1 | | | 1 |
| European Economic Review | 1 | 1 | | |
| European Journal of Political Economy | 3 | | | 3 |
| European Journal of Sociology | 1 | | | 1 |
| European Political Science Review | 1 | | | 1 |
| European Sociological Review | 1 | | | 1 |
| Europe-Asia Studies | 2 | 1 | | 1 |
| Europe's journal of Psychology | 1 | | | 1 |
| German Economic Review | 1 | | | 1 |
| Industrial and Labor Relations (ILR) Review | 3 | 3 | | |
| International Monetary Fund Staff Papers | 1 | | 1 | |
| International Journal of Education Economics and Development | 1 | | | 1 |
| International Journal of Sociology | 3 | 2 | 1 | |
| International Political Science Review | 1 | | 1 | |
| JEEMS Journal of East European Management Studies | 1 | | 1 | |
| Journal of Business Ethics | 1 | | 1 | |
| Journal of Comparative Economics | 7 | | 5 | 2 |
| Journal of Economic Behavior & Organization | 1 | | | 1 |
| Journal of European Public Policy | 1 | | 1 | |
| Journal of European Social Policy | 1 | | | 1 |
| Journal of Political Economy | 2 | | | 2 |
| Journal of Public Economics | 4 | 1 | 2 | 1 |
| Journal of World Business | 1 | | | 1 |
| Kyklos | 1 | | | 1 |
| Labour Economics | 1 | 1 | | |
| Management Science | 1 | 1 | | |
| Organization Science | 1 | | 1 | |

Table A2.1: List of all journal publishing articles on socialism and entrepreneurship (continued).

| Journal | Number of articles | 1990-1999 | 2000-2009 | 2010-2020 |
|---|--------------------|-----------|-----------|-----------|
| Policy Studies Journal | 1 | | 1 | |
| Political Psychology | 3 | 3 | | |
| Portuguese Economic Journal | 1 | | | 1 |
| Post-Communist Economies | 1 | | | 1 |
| Research in Social Stratification and Mobility | 1 | | | 1 |
| Review of Economics and Statistics | 1 | | | 1 |
| Review of Social Economy | 1 | | | 1 |
| Slavic Review | 1 | 1 | | |
| Social Indicators Research | 1 | | | 1 |
| Social Justice Research | 1 | | 1 | |
| Social Policy & Administration | 1 | | | 1 |
| Studies in Comparative International Development | 1 | | | 1 |
| The European Journal of Development Research | 1 | | | 1 |
| The Journal of Economic Inequality | 1 | | | 1 |
| The Journal of Politics | 1 | 1 | | |
| The Review of Economics and Statistics | 1 | | 1 | |
| Total | 84 | 23 | 25 | 36 |
| <i>Socialism and individuals' attitudes toward entrepreneurship</i> | | | | |
| Advances in Comparative International Management | 1 | | 1 | |
| Business Administration Review | 1 | | | 1 |
| International Journal of Human Resources Development and Management | 1 | | | 1 |
| Journal of Business Venturing | 1 | | 1 | |
| Total | 4 | | 2 | 2 |
| <i>Socialism and entrepreneurship activity</i> | | | | |
| American Journal of Economics and Sociology | 1 | | | 1 |
| Economic Geography | 1 | | | 1 |
| Economic Inquiry | 1 | | 1 | |
| Entrepreneurship & Regional Development | 1 | | | 1 |
| Entrepreneurship Theory and Practice | 6 | 1 | 2 | 3 |
| European Journal of Political Economy | 1 | | | 1 |
| European Societies | 1 | | | 1 |
| Europe-Asia Studies | 2 | | 2 | |
| Feminist Economics | 1 | | 1 | |
| International Entrepreneurship and Management Journal | 1 | | | 1 |
| International Journal of Developmental Science | 1 | | | 1 |
| International Journal of Entrepreneurship and Small Business | 3 | | 2 | 1 |
| International Journal of Sociology | 2 | | 2 | |
| International Review of Sociology | 1 | | 1 | |
| International Small Business Journal | 1 | | | 1 |
| Journal of Balkan and Near Eastern Studies | 1 | | | 1 |
| Journal of Business Venturing | 8 | 3 | 3 | 2 |

Table A2.1: List of all journal publishing articles on socialism and entrepreneurship (continued).

| Journal | Number of articles | 1990-1999 | 2000-2009 | 2010-2020 |
|---|--------------------|-----------|-----------|-----------|
| Journal of East-West Business | 1 | | | 1 |
| Journal of Evolutionary Economics | 1 | | 1 | |
| Journal of International Entrepreneurship | 1 | | 1 | |
| Journal of Small Business and Enterprise Development | 3 | | | 3 |
| Journal of the Asia Pacific Economy | 1 | | 1 | |
| Journal of the European Economic Association | 1 | | 1 | |
| Labour Economics | 1 | | 1 | |
| Organization Science | 2 | | 2 | |
| Regional Studies | 1 | | | 1 |
| Review of Economics and Institutions | 1 | | | 1 |
| Small Business Economics | 6 | 2 | 1 | 3 |
| South East European Journal of Economics and Business | 1 | | | 1 |
| Strategic Change | 2 | | | 2 |
| The Journal of Socio-Economics | 1 | | | 1 |
| Total | 56 | 6 | 22 | 28 |

Table A2.2: List of all the papers included in the study.

| Group category | Paper | Journal | Google Scholar citations |
|--|--|--|--------------------------|
| <i>Socialism and individuals' values and attitudes</i> | | | |
| <u>Formal institution effects:</u> | | | |
| Corruption | Anderson and Tverdova (2003) | American Journal of Political Science | 1,214 |
| Educational system | Cantoni et al. (2017) | Journal of Political Economy | 137 |
| | Chevalier and Marie (2017) | Journal of Political Economy | 20 |
| | Fuchs-Schündeln and Masella (2016) | Review of Economics and Statistics | 48 |
| <u>Informal institution effects:</u> | | | |
| Conduct of society: wage structure and labor market change | Andren et al. (2005) | Journal of Comparative Economics | 67 |
| | Doan and Gibson (2012) | International Journal of Education Economics and Development | 12 |
| | Doan et al. (2018) | The European Journal of Development Research | 20 |
| | Filer et al. (1999) | Labour Economics | 120 |
| | Fleisher et al. (2005) | Journal of Comparative Economics | 215 |
| | Münich et al. (2005) | The Review of Economics and Statistics | 299 |
| | Yang (2005) | Journal of Comparative Economics | 158 |
| | Brainerd (1998) | American Economic Review | 521 |
| | Campos and Jolliffe (2003) | Economic Systems | 57 |
| | Bird et al. (1994) | ILR Review | 136 |
| | Chase (1998) | ILR Review | 260 |
| | Gorodnichenko and Peter (2005) | Journal of Comparative Economics | 146 |

Table A2.2: List of all the papers included in the study (continued).

| Group category | Paper | Journal | Google Scholar citations |
|---|--|---|--------------------------|
| Codes of behavior | Orazem and Vodopivec (1997) | European Economic Review | 140 |
| | Banalieva et al. (2017) | Journal of World Business | 6 |
| | Brosig-Koch et al. (2011) | Journal of Public Economics | 163 |
| | Frese et al. (1996) | Academy of Management Journal | 1,105 |
| Social norms and values: human capital and social capital | Ockenfels and Weimann (1999) | Journal of Public Economics | 355 |
| | Van Hoorn and Maseland (2010) | Journal of Economic Behavior & Organization | 27 |
| | Bardi and Schwartz (1996) | Political Psychology | 99 |
| | Schwartz and Bardi (1997) | Political Psychology | 619 |
| | Sztompka (1996) | Communist and Post-Communist Studies | 217 |
| | Weber and Hsee (1998) | Management Science | 1,063 |
| | Heineck and Süßmuth (2013) | Journal of Comparative Economics | 61 |
| | Necker and Voskort (2014) | European Journal of Political Economy | 15 |
| | Boenisch and Schneider (2010) | Post-Communist Economies | 14 |
| | Bönisch and Schneider (2013) | European Journal of Political Economy | 20 |
| | Linz and Chu (2013) | Economic Systems | 11 |
| | Berend (2007) | Communist and Post-Communist Studies | 114 |
| | Sapsford and Abbott (2006) | Communist and Post-Communist Studies | 100 |
| | Simkus and Robert (1995) | International Journal of Sociology | 7 |
| | Pop-Eleches and Tucker (2011) | Comparative Politics | 97 |
| | Watts (1994) | Political Psychology | 18 |
| | Alas and Rees (2006) | Journal of Business Ethics | 58 |
| | Borgulya and Hahn (2008) | JEEMS Journal of East European Management Studies | 22 |
| | Social norms and values: government intervention and free enterprise | Parboteeah and Cullen (2003) | Organization Science |
| Finifter and Mickiewicz (1992) | | American Political Science Review | 295 |
| Miller et al. (1994) | | American Political Science Review | 162 |
| Habibov (2013) | | Social Policy & Administration | 28 |
| Hayo (2004) | | Journal of Comparative Economics | 52 |
| Ravallion and Lokshin (2000) | | Journal of Public Economics | 426 |
| Lipsmeyer (2003) | | Policy Studies Journal | 60 |
| Svallfors (2010) | | European Political Science Review | 143 |
| Blanchflower and Freeman (1997) | | ILR Review | 191 |
| Corneo and Grüner (2002) | | Journal of Public Economics | 819 |
| Dallinger (2010) | | Journal of European Social Policy | 187 |
| Denisova et al. (2009) | | American Political Science Review | 91 |
| Denisova et al. (2010) | | Economics of Transition | 47 |
| Duch (1993) | | American Political Science Review | 235 |

Table A2.2: List of all the papers included in the study (continued).

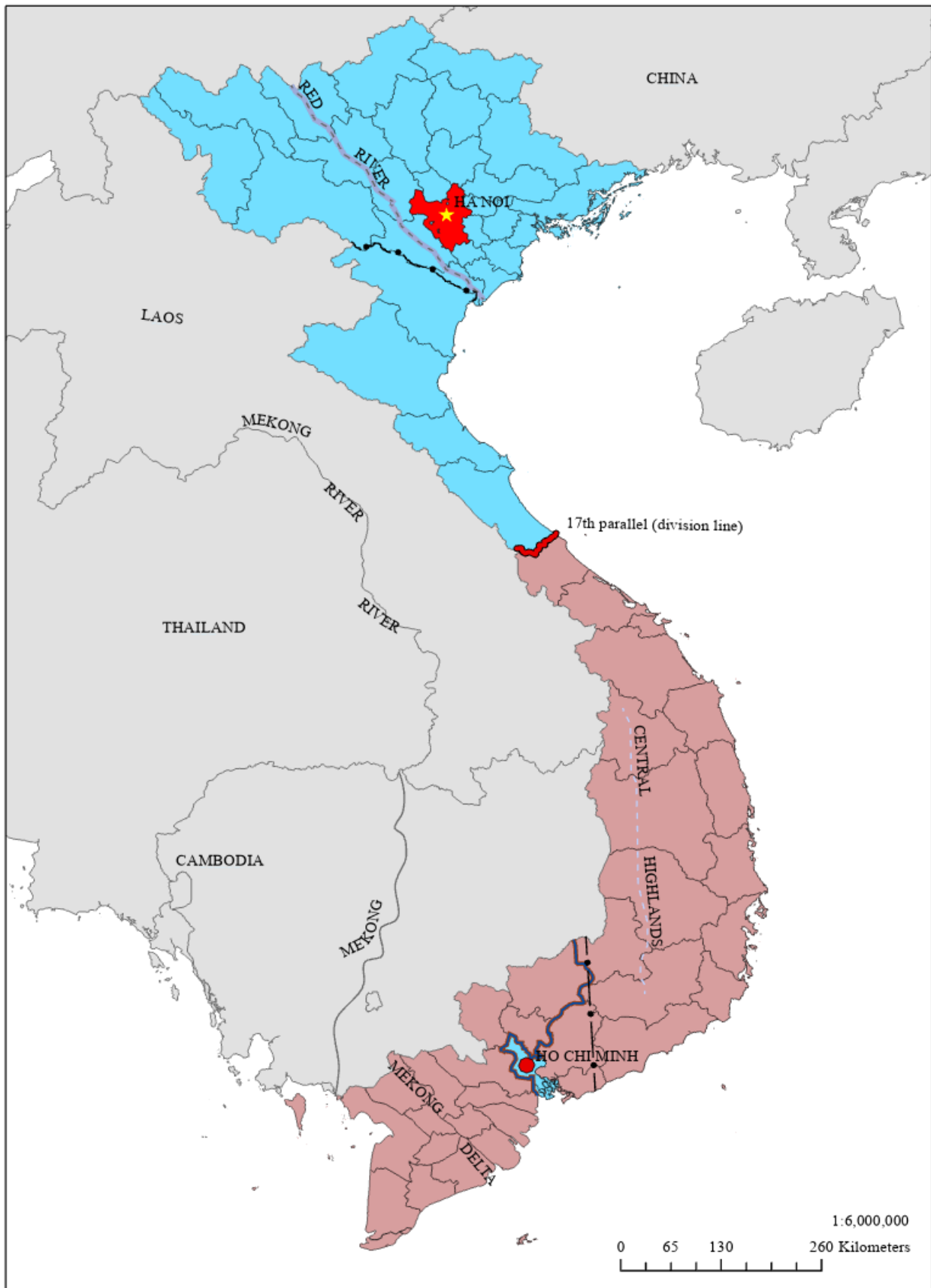
| Group category | Paper | Journal | Google Scholar citations |
|----------------|---|--|--------------------------|
| | Finkel et al. (2001) | International Political Science Review | 70 |
| | Frentzel-Zagorska and Zagorski (1993) | Europe-Asia Studies | 29 |
| | Gibson (1996) | The Journal of Politics | 137 |
| | Gijssberts (2002) | Acta Sociologica | 134 |
| | Gugushvili (2015) | Europe-Asia Studies | 18 |
| | Guillaud (2013) | The Journal of Economic Inequality | 143 |
| | Hadarics (2016) | Europe's Journal of Psychology | 4 |
| | Kuhn (2013) | German Economic Review | 32 |
| | Kulin and Meuleman (2015) | European Sociological Review | 21 |
| | Lipsmeyer and Nordstrom (2003) | Journal of European Public Policy | 103 |
| | Mason (1995) | Slavic Review | 97 |
| | Migheli (2012) | Portuguese Economic Journal | 2 |
| | Migheli (2016) | Social Indicators Research | 5 |
| | Mueller and Clarke (1998) | Academy of Management Journal | 90 |
| | Murthi and Tiongson (2009) | Comparative Economic Studies | 40 |
| | Örkény and Székelyi (2000) | Social Justice Research | 58 |
| | Pop-Eleches and Tucker (2014) | Electoral Studies | 85 |
| | Runst (2014) | Review of Social Economy | 5 |
| | Alesina and Fuchs-Schündeln (2007) | American Economic Review | 1,118 |
| | Janmaat (2013) | European Journal of Sociology | 35 |
| | Golinelli and Rovelli (2013) | European Journal of Political Economy | 7 |
| | Christensen (1998) | Communist and Post-Communist Studies | 15 |
| | Cernat (2010) | Communist and Post-Communist Studies | 14 |
| | Jakubowska and Kaniasty (2014) | Communist and Post-Communist Studies | 4 |
| | Denisova et al. (2012) | Journal of Comparative Economics | 63 |
| | Andersen (2012) | Research in Social Stratification and Mobility | 72 |
| | Słomczyński and Wilk (2002) | International Journal of Sociology | 12 |
| | Osborn (1998) | International Journal of Sociology | 9 |
| | Eble and Koeva (2002) | IMF Staff Papers | 14 |
| | Sack (2017) | Democratization | 10 |
| | Okulicz-Kozaryn (2014) | Kyklos | 18 |
| | Huang (2019) | Studies in Comparative International Development | 1 |

Table A2.2: List of all the papers included in the study (continued).

| Group category | Paper | Journal | Google Scholar citations |
|---|--------------------------------|---|--------------------------|
| <i>Socialism and individuals' attitudes toward entrepreneurship</i> | | | |
| <u>Informal institution effects:</u> | | | |
| Social norms and values: human capital and social capital | Adam-Müller et al. (2015) | Business Administration Review | 7 |
| | Mueller and Thomas (2001) | Journal of Business Venturing | 2,088 |
| | Mueller et al. (2002) | Advances in Comparative International Management | 72 |
| | Glinka and Thatchenkery (2013) | International Journal of Human Resources Development and Management | 12 |
| <i>Socialism and entrepreneurship activity</i> | | | |
| <u>Formal and informal institution effects:</u> | Ageev et al. (1995) | Small Business Economics | 125 |
| | Baumol (1990) | Journal of Business Venturing | 6,667 |
| | Bruton et al. (2010) | Entrepreneurship Theory and Practice | 1,126 |
| | Kshetri (2009) | Journal of International Entrepreneurship | 71 |
| | Puffer et al. (2010) | Entrepreneurship Theory and Practice | 578 |
| | Smallbone and Welter (2001) | Small Business Economics | 788 |
| | Smallbone and Welter (2006) | International Journal of Entrepreneurship and Small Business | 205 |
| | Smallbone and Welter (2012) | Entrepreneurship & Regional Development | 127 |
| | Welter (2011) | Entrepreneurship Theory and Practice | 1,619 |
| | Williams and Vorley (2015) | International Small Business Journal | 127 |
| | Szerb and Trumbull (2016) | Strategic Change | 15 |
| | Batsakis (2014) | Journal of Small Business and Enterprise Development | 17 |
| | Karpinska et al. (2012) | European Societies | 2 |
| | Aidis et al. (2007) | Feminist Economics | 373 |
| | Lajqi and Krasniqi (2017) | Strategic Change | 26 |
| | Gerber (2001) | International Journal of Sociology | 60 |
| | Earle and Sakova (2000) | Labour Economics | 411 |
| | Li et al. (2006) | Economic Inquiry | 437 |
| | Lu and Tao (2010) | Journal of Business Venturing | 153 |
| <u>Formal institution effects:</u> | Aidis et al. (2008) | Journal of Business Venturing | 745 |
| | Aidis et al. (2010) | Review of Economics and Institutions | 33 |
| | Aidis and Mickiewicz (2006) | Europe-Asia Studies | 78 |
| | Barkhatova (2000) | Europe-Asia Studies | 66 |
| | Pathak et al. (2015) | Journal of Balkan and Near Eastern Studies | 11 |
| | Batjargal and Liu (2004) | Organization Science | 546 |
| | Yukhanaev et al. (2015) | Journal of East-West Business | 18 |

Table A2.2: List of all the papers included in the study (continued).

| Group category | Paper | Journal | Google Scholar citations |
|---|---|--|--------------------------|
| <u>Informal institution effects:</u> | | | |
| Conduct of society | Fritsch (2004) | Journal of Evolutionary Economics | 175 |
| | Lau and Busenitz (2001) | Entrepreneurship Theory and Practice | 166 |
| | Lechner and Pfeiffer (1993) | Small Business Economics | 42 |
| Codes of behavior | Iakovleva and Solesvik (2014) | International Journal of Entrepreneurship and Small Business | 34 |
| Social norms and values: human capital and social capital | Bauernschuster et al. (2012) | European Journal of Political Economy | 44 |
| | Runst (2013) | American Journal of Economics and Sociology | 13 |
| | Busenitz and Lau (1996) | Entrepreneurship Theory and Practice | 848 |
| | Holt (1997) | Journal of Business Venturing | 189 |
| | Shook and Bratianu (2010) | International Entrepreneurship and Management Journal | 234 |
| | Solesvik et al. (2012) | Journal of Small Business and Enterprise Development | 138 |
| | Aidis and Van Praag (2007) | Journal of Business Venturing | 169 |
| | Fritsch et al. (2014) | Small Business Economics | 61 |
| | Wyrwich (2013a) | Journal of Business Venturing | 50 |
| | Tan (2001) | Journal of Business Venturing | 343 |
| | Tyszka et al. (2011) | The Journal of Socio-Economics | 110 |
| | Djankov et al. (2006) | Journal of the European Economic Association | 198 |
| | Chen et al. (2008) | Journal of the Asia Pacific Economy | 32 |
| | Egri and Ralston (2004) | Organization Science | 646 |
| | McGrath et al. (1992) | Journal of Business Venturing | 423 |
| | Tan (2002) | Entrepreneurship Theory and Practice | 260 |
| | Welter (2006) | International Journal of Entrepreneurship and Small Business | 32 |
| | Fritsch and Rusakova (2012) | International Journal of Developmental Science | 16 |
| | Wyrwich (2015) | Small Business Economics | 92 |
| | Robert and Bukodi (2000) | International Review of Sociology | 47 |
| Lafuente and Vaillant (2013) | Journal of Small Business and Enterprise Development | 42 | |
| Wyrwich et al. (2016) | Small Business Economics | 58 | |
| Fritsch and Wyrwich (2014) | Regional Studies | 198 | |
| Wyrwich (2012) | Economic Geography | 64 | |
| Williams et al. (2017) | South East European Journal of Economics and Business | 5 | |
| Pals and Tuma (2004) | International Journal of Sociology | 13 | |

Figure A3.1: Historical borders and administrative map of Vietnam.

Source: Own illustration based on Dell et al. (2018) and Desbarats (1987).

Table A3.1: The amount of GDP and GDP per capita at current USD 1985-2017.

| Year | GDP per capita (current USD) | GDP (current USD, billion) |
|------|------------------------------|----------------------------|
| 1985 | 230.87 | 14.10 |
| 1986 | 421.66 | 26.34 |
| 1987 | 573.85 | 36.66 |
| 1988 | 389.26 | 25.42 |
| 1989 | 94.27 | 6.29 |
| 1990 | 94.88 | 6.47 |
| 1991 | 137.98 | 9.61 |
| 1992 | 138.72 | 9.87 |
| 1993 | 181.65 | 13.18 |
| 1994 | 220.31 | 16.29 |
| 1995 | 275.75 | 20.74 |
| 1996 | 322.86 | 24.66 |
| 1997 | 346.58 | 26.84 |
| 1998 | 346.83 | 27.21 |
| 1999 | 361.29 | 28.68 |
| 2000 | 388.27 | 33.64 |
| 2001 | 402.83 | 35.29 |
| 2002 | 427.84 | 37.95 |
| 2003 | 477.99 | 42.72 |
| 2004 | 543.87 | 49.42 |
| 2005 | 683.60 | 57.63 |
| 2006 | 779.97 | 66.37 |
| 2007 | 901.32 | 77.41 |
| 2008 | 1,143.27 | 99.13 |
| 2009 | 1,210.69 | 106.02 |
| 2010 | 1,310.37 | 115.93 |
| 2011 | 1,515.48 | 135.54 |
| 2012 | 1,722.68 | 155.82 |
| 2013 | 1,871.33 | 171.22 |
| 2014 | 2,012.05 | 186.21 |
| 2015 | 2,065.17 | 193.60 |
| 2016 | 2,170.65 | 205.28 |
| 2017 | 2,342.24 | 223.78 |

Notes: Average exchange rate 2008: 16,583 VND/USD; 2018: 23,150 VND/USD.

Sources: Own calculations based on micro census, and [World Bank \(2018\)](#).

Table A6.1: Description of variables and descriptive statistics.

| Variable | Definition | N | Mean | S.D | Min. | Max. |
|--|--|---------------|-------|------|------|------|
| Dependent variable | | | | | | |
| Career choice intention (three categories) | Employee intention = 1 if the respondent intends to be an employee | 1,350 (44.9%) | - | - | - | - |
| | Founding intention = 2 if the respondent intends to be an entrepreneur | 1,546 (51.5%) | - | - | - | - |
| | Succession intention = 3 if the respondent intends to be a successor | 109 (3.6%) | - | - | - | - |
| Control variables | | | | | | |
| Age | Age in years in 2018 | 3,005 | 20.39 | 1.15 | 18 | 25 |
| Male | Dummy = 1 if the respondent is male | 3,005 | 0.43 | - | 0 | 1 |
| Ethnicity | Dummy = 1 if the respondent is Kinh | 3,005 | 0.95 | - | 0 | 1 |
| Independent variables | | | | | | |
| <i>Career choice reasons</i> | | | | | | |
| Innovation (mean) | 5-point Likert scale: 1 = very unimportant, 5 = very important | 3,004 | 3.71 | 0.88 | 1 | 5 |
| Be innovative, at the forefront of technology. | 5-point Likert scale: 1 = very unimportant, 5 = very important | 3,004 | 3.65 | 1.08 | 1 | 5 |
| Develop an idea for a product. | 5-point Likert scale: 1 = very unimportant, 5 = very important | 3,004 | 3.66 | 1.09 | 1 | 5 |
| Exploit a specific business opportunity that I recognized. | 5-point Likert scale: 1 = very unimportant, 5 = very important | 3,004 | 3.83 | 1.06 | 1 | 5 |
| Self-realization (mean) | 5-point Likert scale: 1 = very unimportant, 5 = very important | 3,003 | 4.17 | 0.68 | 1 | 5 |
| Challenge myself. | 5-point Likert scale: 1 = very unimportant, 5 = very important | 3,005 | 4.06 | 0.94 | 1 | 5 |
| Realize my own dream. | 5-point Likert scale: 1 = very unimportant, 5 = very important | 3,004 | 4.03 | 0.98 | 1 | 5 |
| Grow and learn as a person. | 5-point Likert scale: 1 = very unimportant, 5 = very important | 3,004 | 4.43 | 0.73 | 1 | 5 |
| Financial success (mean) | 5-point Likert scale: 1 = very unimportant, 5 = very important | 3,004 | 4.32 | 0.77 | 1 | 5 |
| Earn a larger personal income. | 5-point Likert scale: 1 = very unimportant, 5 = very important | 3,004 | 4.31 | 0.87 | 1 | 5 |
| Financial security. | 5-point Likert scale: 1 = very unimportant, 5 = very important | 3,004 | 4.34 | 0.82 | 1 | 5 |
| Social mission (mean) | 5-point Likert scale: 1 = very unimportant, 5 = very important | 3,004 | 3.67 | 0.93 | 1 | 5 |
| Follow a social mission. | 5-point Likert scale: 1 = very unimportant, 5 = very important | 3,004 | 3.64 | 0.99 | 1 | 5 |
| Follow an environment mission. | 5-point Likert scale: 1 = very unimportant, 5 = very important | 3,004 | 3.71 | 0.99 | 1 | 5 |

Table A6.1: Description of variables and descriptive statistics (continued).

| Variable | Definition | N | Mean | S.D | Min. | Max. |
|---|---|-------|------|------|------|------|
| Roles (mean) | 5-point Likert scale: 1 = very unimportant, 5 = very important | 3,004 | 2.81 | 0.90 | 1 | 5 |
| Build business children can inherit. | 5-point Likert scale: 1 = very unimportant, 5 = very important | 3,004 | 3.01 | 1.19 | 1 | 5 |
| Continue a family tradition. | 5-point Likert scale: 1 = very unimportant, 5 = very important | 3,004 | 2.41 | 1.15 | 1 | 5 |
| Follow example of a person I admire. | 5-point Likert scale: 1 = very unimportant, 5 = very important | 3,004 | 3.02 | 1.27 | 1 | 5 |
| Independence (mean) | 5-point Likert scale: 1 = very unimportant, 5 = very important | 3,004 | 4.42 | 0.67 | 1 | 5 |
| Get greater flexibility for personal life. | 5-point Likert scale: 1 = very unimportant, 5 = very important | 3,004 | 4.41 | 0.72 | 1 | 5 |
| Be my own boss. | 5-point Likert scale: 1 = very unimportant, 5 = very important | 3,004 | 4.42 | 0.85 | 1 | 5 |
| Recognition (mean) | 5-point Likert scale: 1 = very unimportant, 5 = very important | 3,004 | 3.78 | 0.92 | 1 | 5 |
| Achieve something, get recognition. | 5-point Likert scale: 1 = very unimportant, 5 = very important | 3,004 | 3.58 | 1.10 | 1 | 5 |
| Gain a higher position for myself. | 5-point Likert scale: 1 = very unimportant, 5 = very important | 3,004 | 3.99 | 0.99 | 1 | 5 |
| <i>TPB components</i> | | | | | 1 | 5 |
| Attitude (mean) | 5-point Likert scale: 1 = strongly disagree, 5 = strongly agree | 2,999 | 3.51 | 0.75 | 1 | 5 |
| Being an entrepreneur implies more advantages than disadvantages to me. | 5-point Likert scale: 1 = strongly disagree, 5 = strongly agree | 2,999 | 3.23 | 1.04 | 1 | 5 |
| A career as an entrepreneur is attractive for me. | 5-point Likert scale: 1 = strongly disagree, 5 = strongly agree | 3,000 | 3.44 | .99 | 1 | 5 |
| If I had the opportunity and resources, I would become an entrepreneur. | 5-point Likert scale: 1 = strongly disagree, 5 = strongly agree | 3,000 | 4.02 | .96 | 1 | 5 |
| Being an entrepreneur would entail great satisfactions for me. | 5-point Likert scale: 1 = strongly disagree, 5 = strongly agree | 3,000 | 3.51 | 1.01 | 1 | 5 |
| Among various options, I would rather be an entrepreneur. | 5-point Likert scale: 1 = strongly disagree, 5 = strongly agree | 3,000 | 3.35 | 1.05 | 1 | 5 |
| Subjective norms (reaction environment - weighting) | | 2,999 | 9.29 | 2.70 | 0.60 | 15 |
| Subjective norms (individuals' motivation and compliance) | 5-point Likert scale: 1 = very negative, 5 = very positive | | | | | |
| Parents/other family members. | 5-point Likert scale: 1 = very negative, 5 = very positive | 2,999 | 3.91 | .99 | 1 | 5 |
| Friends/fellow students. | 5-point Likert scale: 1 = very negative, 5 = very positive | 2,999 | 3.78 | .89 | 1 | 5 |
| People important to me in general. | 5-point Likert scale: 1 = very negative, 5 = very positive | 2,999 | 4.10 | .86 | 1 | 5 |

Table A6.1: Description of variables and descriptive statistics (continued).

| Variable | Definition | N | Mean | S.D | Min. | Max. |
|--|---|-------|------|------|------|------|
| Subjective norms (individuals' consideration) | 5-point Likert scale: 1 = not at all, 5 = very much | | | | | |
| Parents/other family members. | 5-point Likert scale: 1 = not at all, 5 = very much | 2,999 | 4.28 | .89 | 1 | 5 |
| Friends/fellow students. | 5-point Likert scale: 1 = not at all, 5 = very much | 2,999 | 3.25 | .97 | 1 | 5 |
| People important to me in general. | 5-point Likert scale: 1 = not at all, 5 = very much | 2,999 | 4.10 | .88 | 1 | 5 |
| Perceived behavioral control (mean) | 5-point Likert scale: 1 = strongly disagree, 5 = strongly agree | 2,998 | 2.63 | 0.81 | 1 | 5 |
| To start a firm and keep it working would be easy for me. | 5-point Likert scale: 1 = strongly disagree, 5 = strongly agree | 2,998 | 2.20 | .95 | 1 | 5 |
| I am prepared to start a viable firm. | 5-point Likert scale: 1 = strongly disagree, 5 = strongly agree | 2,998 | 2.52 | 1.07 | 1 | 5 |
| I can control the creation process of a new firm. | 5-point Likert scale: 1 = strongly disagree, 5 = strongly agree | 2,998 | 2.56 | 1.02 | 1 | 5 |
| I know the necessary practical details to start a firm. | 5-point Likert scale: 1 = strongly disagree, 5 = strongly agree | 2,998 | 2.61 | 1.06 | 1 | 5 |
| I know how to develop an entrepreneurial project. | 5-point Likert scale: 1 = strongly disagree, 5 = strongly agree | 2,998 | 2.71 | 1.06 | 1 | 5 |
| If I tried to start a firm, I would have a high probability of succeeding. | 5-point Likert scale: 1 = strongly disagree, 5 = strongly agree | 2,998 | 3.15 | 1.08 | 1 | 5 |

Notes: N = number of observations; Mean = mean value; S.D. = standard deviation; Min. = minimum; Max. = maximum.