Assessing the challenges and opportunities for small and medium enterprises (SMEs) in the Vietnamese apparel retail market

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Assessing the challenges and opportunities for small and medium enterprises (SMEs) in the Vietnamese apparel retail market

by

Jong Geun Lee

A thesis submitted to the graduate faculty
in partial fulfillment of the requirements for the degree of

MASTER OF SCIENCE

Major: Apparel, Merchandising, and Design
Program of Study Committee:
Linda S. Niehm, Major Professor
Jessica L. Hurst
E. Kwan Choi

Iowa State University
Ames, Iowa
2014

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Lack of Reliable Human Resources
Need Further Development on Transportation Infrastructure
Use of Technology in Retail Operations
Economic Condition Influence on Apparel Consumption
Other Difficulties in SME Retail Operations

Resources Generated for Domestic Vietnamese Small Business Owners in Apparel Retail Market

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Limited Access to Financial Resource
Lack of Reliable Human Resources
Need Further Development on Transportation Infrastructure
Use of Technology in Retail Operations
Economic Condition Influence on Apparel Consumption
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ABSTRACT

Since the Vietnamese government implemented an economic renovation policy in 1986, Small and Medium Enterprises (SMEs) have tremendously contributed to a rapid growth in the country’s economy (Tran, Le, & Nguyen, 2008). Although SMEs play an important role in Vietnam’s apparel retail market, relatively little is known about Vietnam’s apparel retailing market environment and domestic Vietnamese apparel retailers’ dynamic business performance in the marketplace. Therefore, the present study aimed to extend an understanding of the competitive advantages of domestic Vietnamese small-sized apparel retail firms and examine their growth potential in Vietnam’s apparel retail marketplace.

Rostow’s Stage of Growth Model (1960) and the VRIO framework (Barney, 1995) were used to frame the qualitative-dominant mixed methods approach. For this study, face-to-face interviews and a paper-based survey were conducted among a target sample including domestic Vietnamese small-sized apparel retail store owners who independently-owned and operated an apparel retailing store in Hochiminh City of Vietnam. To obtain candid responses from participants, closed-ended and open-ended responses in semi-structured questionnaire were used. The sample (n=13) for the present study was obtained using a snowball sampling technique.

Open coding, constant comparison, and axial coding processes were used to analyze the data (Strauss & Corbin, 1990). For the qualitative phase, interpretive analyses revealed overarching themes, including (1) resources generated for domestic Vietnamese small business owners in the apparel retail market, (2) limited access to financial resources, (3) lack of reliable human resources, (4) need for further development of transportation infrastructure, (5) use of retail technology, (6) economic conditions’ influence on apparel consumption, and
(7) facing other difficulties in retail operations. For the quantitative phase, descriptive statistics were calculated from the paper-based survey results to support evidence from the in-depth interviews, including the calculation of means, standard deviations, and frequencies of item scores.

Based on the VRIO framework (Barney, 1995), the findings suggest that a majority of the domestic Vietnamese small-sized apparel retail stores are weak and lack resource management. The results confirmed that a number of participants in this study have valuable resources in retail operations. However, the findings also re-affirmed that the firms are lacking in rarity, imitability, and organization structure toward valuable resources to sustain a competitive advantage in Vietnam’s apparel retail market. Therefore, this study suggests that by understanding these resource management practices for domestic Vietnamese apparel retail business owners, other small business entrepreneurs in Vietnam can build appropriate resource management strategies for their stores to sustain a competitive advantage in the marketplace.

In addition, a majority of the domestic Vietnamese small–sized apparel retail stores confront several business constraints in the marketplace. Descriptive statistic results illustrated that a majority of participants are facing difficulties in business operations because of several key determinants identified in this study, including capital resources, human resources, transportation infrastructure, and technology infrastructure. Therefore, this study provides guidelines to policy makers and organizations in Vietnam who may be responsible for specific assistance programs to domestic Vietnamese small businesses in transition markets.
This study is a beginning point for domestic small-sized apparel retail entrepreneurs’ research in Vietnam. By identifying information about domestic Vietnamese small business entrepreneurial activities in the apparel retail market, this study encourages other researchers to conduct future studies by utilizing the findings from this study. This study generated a series of testable propositions based on analyses of domestic Vietnamese small firms’ entrepreneurial activities and Vietnam’s apparel retail market conditions. Therefore, future research should advance the propositions and test the framework by investigating new relationships among the components necessary to understanding market growth and sustainability in Vietnam’s retail market.
CHAPTER 1: INTRODUCTION

Background

After the end of the Vietnam War in the 1970s, the Socialist Republic of Vietnam (SRV) was entirely isolated from the outside world, because of trade embargoes from the United States and most of Europe (Binh & Terry, 2011; Paswan & Tran, 2012). This isolation restricted Vietnam’s economic activities (Binh & Terry, 2011). Consequently, Vietnam’s economy suffered from severe deficiencies and shortages of commodities under the centrally-planned government mechanism (Kadomae, 2012). Vietnam’s government continued to pursue a closed, subsidized, bureaucratic, and centrally-planned economy until the mid-1980s (Binh & Terry, 2011). In addition, all business activities in Vietnam were controlled by the state and involved the entire production and distribution chain, which prohibited the existence of private enterprises (Vann, 2005; Nguyen & Nguyen, 2012). As a result, Vietnamese industries lagged behind in knowledge concerning market-oriented economies and marketing management through the mid-1980s (Nguyen & Nguyen, 2010).

Failure of the centrally-planned economy, led by the Communist Party of Vietnam (CPV), resulted in a shift to a socialist-oriented market economy in 1986 (Venard, 1996; Maruyama & Trung, 2012; Paswan & Tran, 2012). Unlike the former Soviet Union and Eastern European economic reform process, where a market-oriented economy was dictated to replace communism by the government mandate, the Vietnamese economic reforms did not propose political or social reforms (Dana, 1994; Vixathep, 2013). The Doi Moi (“Renovation”) reform policy in 1986 was designed to revitalize Vietnam’s economy through the introduction of market-oriented mechanisms (Fiorde & Vylder, 1996; Taylor, 2001). Therefore, Vietnam still remains a single-party communist country (Vann, 2005; Vixathep, 2013).
According to Vann (2005, p.468), the objective of Vietnamese economic reform was “to revitalize their economies by decentralizing industry, introducing market mechanisms, and encouraging foreign investment and trade.” The *Doi Moi* reform covered many sectors of Vietnam’s economic development that stabilized its trade and industry (Vixathep, 2013). The economic reform policy impacted normalization of diplomatic relations with the United States, Japan, and other Western and East Asian countries, which provided the foundation for Foreign Direct Investment (FDI) in Vietnam (Paswan & Tran, 2012; Gillespie, 2002; Nguyen & Pham, 2012; Bekefi, 2006; Dana; 1994). The key elements of the economic reform policy included:

1. agricultural land reform that allowed individuals and families long term rights to use land; 
2. price liberalization to eliminate the “two price” system and the removal of barriers to internal trade; 
3. facilitation of a modern banking system; 
4. liberalization of foreign investment and international trade; 
5. shift toward a market determined exchange system; 
6. reform of the State Owned Enterprise (SOE) system changing the relationship between SOE and the budget, reforming ownership structures; 
7. creation of a legal framework for the corporate sector; and 

Since opening of the country’s economy to the outside world in 1986, the Vietnamese government has attempted to emulate China’s economic success in terms of lower labor costs and diversify manufacturing investment (A.T. Kearney, 2008). Therefore, Vietnam has been establishing itself as a global manufacturer of apparel and apparel-related items, and other light industries (Kadomae, 2012). For example, Vietnam was Nike’s top shoe producer in 2007 with 37 percent share in production, compared to 34 percent for China, its former top producer (A.T. Kearney, 2008). As production costs in China continue to rise, more global manufacturers are gradually shifting their productions to Vietnam. Therefore, international manufacturers
increasingly pay attention to Vietnam for diversification of the risks inherent in sourcing with China (Kadomae, 2012).

In addition, the emergence of the private sector and entrepreneurial ventures, and an increase in the number of small and medium enterprises (SMEs), have attributed to the rapid development of Vietnam’s economy (Nguyen & Pham, 2012; Gillespie, 2002). Specifically, SMEs have played an engine for creating jobs and economic growth in Vietnam (Nguyen, Pham, Nguyen, & Nguyen, 2008). According to the Ministry Planning and Investment (2011), nearly 400,000 SMEs were operating in 2011 in Vietnam. The number of SMEs in Vietnam was represented for 97 percent of the number of all businesses, 77 percent of the workforce, and accounted for 80 percent of the retail market in 2011 (Ministry Planning and Investment, 2011). Furthermore, SMEs in Vietnam contributed to nearly 40 percent of the Gross Domestic Product (GDP) in 2006 (Hung, 2007).

During its transition to a market-oriented economy, Vietnam has demonstrated strong economic growth with an average 7.3 percent increase annually in GDP over the past decade. It is one of the world’s fastest-growing economies behind China and India in emerging markets (Fritzen, 2002; Maruyama & Trung, 2012). By 2012, Vietnam’s GDP per capita (purchasing power parity) has risen from $1,850 to $3,600 from the previous decade (CIA World Factbook, 2013a). In addition, the total FDI in Vietnam reached $10 billion by the end of 2010 (Ministry of Planning and Investment, 2011).

Economic growth has brought about many positive outcomes in living standards of the Vietnamese people, including an increase in household income and a decrease in poverty (Xuan, 1995; Figuie & Moustier, 2009; Shultz, 2012). The Gross National Income (GNI) per capita

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1 Data from 2012 are in U.S. dollars.
(purchasing power parity) was increased around 4 times from $800 to $3,250 in 2011, within the past two decades (World Bank, 2013a). Additionally, 58 percent of the Vietnamese people lived below the poverty line in 1993 (AUSAID, 2010). However, the population below the poverty line had sharply decreased to 11.3 percent by 2012 (CIA World Factbook, 2013b).

Economic growth and an increase in household income have resulted in growth of the middle class in Vietnam. Due to better living standards and increased household income, Vietnamese consumers have a desire for better quality of services and reliable products (Maruyama & Trung, 2012). In addition, Vietnamese consumers are able to easily access ample products from extended domestic and global retail networks since the country initiated its open door policy in 1986 (Penz & Kirchler, 2012). Taken together, the growing awareness of global brands by the Vietnamese consumer has stimulated the development of the retail environment and structures in the Vietnamese retail markets (Euromonitor International, 2011). In line with its fast economic growth, and changes in living standards and disposal income, Vietnam’s retail markets have rapidly developed (Thomsen, 2007).

Although, the Vietnamese retail market size is relatively small compared to other Asian emerging markets, Vietnam’s retail industry has proven its competitive advantages in the past several years (Vietnam Chamber of Commerce and Industry, 2012). Vietnam’s retail sales rose from $11 billion to $77.8 billion between 2000 and 2010 (General Statistics Office of Vietnam, 2012). Additionally, the Vietnamese retail market size is projected to reach $113 billion by 2012 (A.T. Kearney, 2011a). According to the Global Retail Development Index (GRDI) report by A.T. Kearney (2008), Vietnam ranked in the top position of the most attractive emerging market destination for retail investment in 2008. Because, Vietnam’s government not only deregulated retail market, but also removed restrictions on 100 percent foreign ownership of retailers (A. T.
Kearney, 2008). With a stable political base, Vietnam’s economy has proven an impressive GDP growth rate over 8 percent in contemporary year (A. T. Kearney, 2008). In addition, increasing population and consumer demands combined with governmental support has made the Vietnamese retail markets highly attractive to outside investors (A.T. Kearney, 2008).


Vietnam has one of the largest populations in Asia (i.e., ranks13th in the world) with over 90 million people (CIA World Factbook, 2013b). Vietnam is also a youthful market, with one-half of the population under the age of 30. This young consumer group is willing to spend money to satisfy its increasing demands (“Vietnamese people changing their consumption habits: Research,” 2007). In particular, the domestic Vietnamese apparel retail market has been expanding rapidly over the past few years due to the considerable increase in retailing modernization, growing market competition, and mounting disposable income (A.T. Kearney, 2008; 2009; 2010; 2011a). Specifically, according to the Retail Apparel Index (RAI) in 2011, Vietnam has joined the top 10 countries in terms of apparel market attractiveness, degree of retail market development, and country risk (A.T. Kearney, 2011a). Domestic clothing sales in Vietnam have been increasing continuously over the past few years. In particular, domestic clothing sales in Vietnam have continued to grow more than 87.5 percent value growth from
2005 to 2010 (Euromonitor International, 2011). The increasing demand for quality clothes, heightened consumption, and rising brand and fashion consciousness continue to increase clothing sales in Vietnam, a country with a current population of over 90 million people (A.T. Kearney, 2012). In addition, the Vietnamese government is also taking various steps to promote its apparel retail market development by deregulated trade and markets, and political stability (PricewaterhouseCoopers, 2013; A. T. Kearney, 2008). All of these factors point to the timeliness of research concerning in the Vietnamese apparel retail market and opportunities for small and medium enterprises (SMEs).

**Significance of the Study**

Since the Vietnamese government initiated its open door policy in 1986, Vietnam’s emerging retail market has been highly attractive to foreign retailers with fast growing economies and increasing consumer demands (Euromonitor International, 2011). The combination of economic and population growth in Vietnam has fostered an improvement in the retailing systems as well (Reinartz, Dellaert, Krafft, Kumar, & Varadarajan, 2011). Therefore, global retailers have scrambled to expand to Vietnam’s markets. For example, Japan’s global retailer Aeon and Malaysia’s Giant joined the emerging Vietnamese market in 2011. In addition, gigantic international retailers, such as Tesco from the UK and Wal-Mart from the U.S., plan to expand to Vietnam in the near future (“Slower growth predicted for Vietnam retail market,” 2012).

In Vietnam, the SMEs accounted for an overwhelming proportion of the total number of the country’s enterprises (i.e., making up over 90 percent of all enterprises in 2013) until very recently, in addition to the fact that the domestic Vietnamese retailers are dominated by SMEs (Cuong, Sang, & Anh, 2008; “Project to help SMEs be more competitive,” 2013). The rapid
growth of SMEs in Vietnam has significantly contributed to the socio-economic development (Tran, Le, & Nguyen, 2008), in terms of economic growth, employment, innovation, and wealth creation (Stoian, Rialp, & Rialp, 2008). However, Vietnam's integration into the global market and, particularly, the country’s entrance into the World Trade Organization (WTO) in 2007, have further accelerated the reform process. Therefore, the Vietnamese government is facing challenges to improve the competitiveness of SMEs to sustain its economic growth (Nguyen et al., 2008). This includes extensive adjustments of the legal and institutional framework and a consistent strengthening of the competitiveness of the SMEs sector.

Since the 1990s, emerging markets have increased the awareness and interest of academics, as well as prompted a shift in attention, due to the increasing number of SMEs going global (Chen & Sternquist, 1996; Davies & Fergusson, 1996; Sandberg, 2013). However, a majority of the studies on SMEs in emerging markets have not focused on the less developed markets, such as those in Vietnam, but rather concentrated on South Korea, Taiwan, China, India, Singapore, and Thailand (Alexander & Myer, 1999; Enderwick, 2009; Vernard, 1996). Specifically, Vietnam has undergone substantial social and economic transitions over the past two decades and has created a strong consumer market for global and domestic retailers (Alexander & Myer, 1999; RNCOS, 2008). However, there is limited extant research focusing on overall SME development status and challenges in Vietnam (e.g., Egan, 2012; Nguyen et al., 2008; Taussig, 2005; Tran, Le, & Nguyen, 2008), with no studies focusing on domestic Vietnamese apparel SMEs.

It is therefore timely to conduct research concerning SME retail development in Vietnam. Findings from the present study have important implications for policy-makers and SME entrepreneurs engaged in the apparel retail markets in Vietnam. Policy-makers and SMEs
entrepreneurs in Vietnam are interested in identifying challenges and opportunities for apparel retail markets and strategies to improve the competitiveness to sustain economic development. Furthermore, Vietnamese apparel and foot-wear manufacturers also have targeted the domestic market-oriented sector to make up for continued deficits in export performance (A.T. Kearney, 2009).

The present study holds significant implications for international and domestic apparel retailers interested in expanding their business to the Vietnamese apparel retailing markets. This study also fills a gap in the literature and makes several contributions to apparel retailing and SMEs in the Vietnamese market. Furthermore, this study provides a comprehensive view of the rapidly changing Vietnam apparel retailing market by systematically analyzing the actions and strategies of SMEs engaged in apparel retailing through relevant theoretical frameworks and descriptive analyses.

**Purpose of the Study**

In general, emerging markets have unique characteristics, including geographical spread, cultural diversity, market size, political system, language, and culture (Halepete, 2011). These comprehensive factors in the emerging markets attribute to make business strategies extremely challenging for both local and global retailers (Hoskisson, Eden, Lau, & Wright, 2000; Halepete, 2011). Therefore, ongoing retail activities and changes in the market environment with more liberalized retailing markets demands need continued monitoring for development of international and domestic apparel enterprises (Mann & Byun, 2011).

The opening of Vietnam’s economy has encouraged global and domestic retailers to capitalize on expansion opportunities (Hung, 2007). Since, Vietnam’s approval to join the WTO, its economy has gained more opportunities to integrate into international markets (Tran, et al.,
2008). Especially, the accession to the WTO in 2007 has brought tremendous opportunities for SMEs and retail development in Vietnam. According to Tran, Le, and Nguyen (2008) Vietnam’s economy obtained advantages, including “the creation of a level playing field, easier access to production factors and cheaper imported inputs in the domestic market, expansion of export markets, and facilitation of the national economy to engage more in-depth in regional and global production networks” as a member of the WTO (p.324). In addition, Vietnam’s retail markets have incurred significant structural changes after fully opening its markets to foreign investors under WTO commitments in 2009 (Yang, Do, Wang, Chang, & Hung, 2011).

However, relatively little is known about Vietnam’s apparel retail sectors and SMEs engaged in the Vietnamese domestic apparel retail market are relatively unexplored. Despite the prevalence of structural changes and the significance of Vietnam’s socio-economic development, there still is a void in the literature concerning Vietnam’s retailing and SMEs (Maruyama & Trung, 2007). For these reasons, this study has attempted to examine both internal and external environmental factors that have influenced the development of SMEs engaged in domestic apparel retailing since Vietnam initiated its economic reforms. In addition, this study also provides guidelines for apparel retailers to assess opportunities, capture competitive advantages, and compete effectively in the Vietnamese market.

Specifically, this study aimed to extend understanding of domestic Vietnamese SMEs evolution and growth potential in the apparel retail market. Based on relevant theories related to retailing and SMEs, the present study applied a conceptual framework that provided valuable information for SMEs to successfully emerge in the Vietnamese domestic apparel market. In addition, this study proposed a series of testable propositions in relation to opportunities, SMEs
growth potential, and effective business strategies in the Vietnamese domestic apparel retail sector.

The following research questions were posited for this study. Specifically, this study attempted to answer the following research-questions:

1) What is the current status of SME apparel retailing in Vietnam?
2) What are the competitive advantages for apparel retail SMEs owned by domestic Vietnamese entrepreneurs?
3) What are some major constraints facing SMEs apparel retailing in Vietnam?
4) How can entrepreneurs address these challenges and transform them into opportunities?

**Objectives of the Study**

The overall objective of this study was to increase the understanding of SMEs in the apparel retailing market in Vietnam. More specifically, the objectives were to:

1. Assess the evolution and current status of SMEs in the domestic apparel retailing sector of Vietnam.
2. Identify challenges and opportunities for entrepreneurs operating SMEs domestic apparel retailing in Vietnam.
3. Apply relevant theories to aid in explaining the evolution and growth potential of the domestic apparel retail sector in Vietnam and opportunities for SMEs.
4. Propose a series of testable propositions in relation to the challenges, opportunities, and success factors related to SMEs development by entrepreneurs in the Vietnamese apparel retail sector.
Definition of Terms

Centrally-Planned Economy – Centrally-planned economy is an economic system in which the means of production are publicly owned and economic activity is controlled by a central authority that assigns quantitative production goals and allots raw materials to productive enterprises (Nove, 1987).

Competitive Advantage – The ability gained through attributes and resources to perform at a higher position of advantage than others in the same industry or market (Porter, 1990). A competitive advantage is a firm-specific advantage affect to decision-making, regarding what activities and technologies a firm should focus (Kogut, 1985).

Doi Moi – Doi Moi is Vietnam’s market-oriented reform policy announced at the ninth CPV Congress in 1986 (Korinek, 2006). Since the implementation of Doi Moi, Vietnam’s variety of socio-economic factors changed dramatically, such as economic liberalization, growth in the private sector, retrenchment of SOEs, and diminished state subsidies for public services (Shultz, 2012).

Domestic Retailing – Domestic retailing is the exchange of domestic products within the boundaries of a country, also known as internal retail trade (Straughan & Albers-Miller, 2001). Normally, retailers are the final seller of a product, as well as targeting various groups in a country (Straughan & Albers-Miller, 2001).

Emerging Market – An emerging market is broadly defined as low-income, rapid growth economies that have experienced radical institutional changes in terms of increased market openness and liberalization (Hoskisson et al., 2000; Li, 2010; Halepete, 2011).

Socialist-Oriented Market Economy – A socialist-oriented market economy is the current economic system in the Socialist Republic of Vietnam. It is described as a transform of the
economy from a centrally-planned economy to a market-oriented economy under socialist
guidance (Bartram, Stanton, & Thomas, 2009). The socialist-oriented market economy is a
product of the *Doi Moi* economic reforms. It is considers that socialism can only emerge if
Vietnam’s economy is developed to a point where socialism becomes possible (Bartram, Stanton,
& Thomas, 2009).

**State-Owned Enterprise (SOE)** - SOE represents a legal entity established by the government
to partake in commercial activities, as well as operate either wholly- or partially- owned on the
government’s behalf (Investopedia, 2013).

**Transition Economy** – Transition economy is defined as a new group of rapid-growth countries
with changes from a former, centrally-planned economy to a market-oriented economy
(Hoskkins et al., 2000). The collapse of Communism committed to strengthen their market
mechanisms through liberalization, stabilization, and the encouragement of private enterprises
(Bezemer, 2006). This process has been undertaken on its socio-economic development, as well
as applied in China, Vietnam, the former Soviet Union, and Eastern European countries under
the Communist bloc (Bezemer, 2006).
CHAPTER 2. LITERATURE REVIEW

This chapter provides the theoretical framework for and a discussion of empirical literature relevant to the study. The first section begins with a description of the retail development in emerging markets. The second section of this chapter introduces the literature on retail development in Vietnam; the theoretical framework for the present study follows. Additionally, this section reviews the literature on key factors of SMEs development in the Vietnamese market, addresses the existing gap in the literature, and posits a series of specific research questions for investigation. Finally, the concluding section presents a proposed model in regard to SMEs’ dynamic business performance in the domestic Vietnamese apparel retail market. The proposed research model served as a conceptual framework to evaluate effective entrepreneurial activities for the domestic Vietnamese small businesses in apparel retail market.

Based on the theoretical framework and the literature review, the key determinant factors of business successes for domestic Vietnamese small-sized apparel retail business entrepreneurs are determined in this chapter.

Retailing in Emerging Markets

According to Jansson (2007, p. 16), emerging markets are defined as “growing markets, which are being transformed from a pre-market economy stage … to the market stage of the mature western capitalistic economy, by way of integrated and successful structural reforms of companies, markets and society.” In comparison to developed countries, emerging markets still represent a lower level of economic development. However, emerging markets are experiencing rapid economic growth, because of market size and trade liberalization (Arnold & Quelch, 1998; Hoskisson et al., 2000). Rapidly increasing population and disposable income in emerging
markets provide huge opportunities for capital investment, diverse trade activities, transfer technology, and infrastructure development from foreign investors (Li, 2010).

The population in emerging markets (e.g., Brazil, China, India, Indonesia, Mexico, Russia, Vietnam, etc.) accounted for 84 percent of the world’s population in 2011 (Peng & Meyer, 2011). According to an OECD (2007) report, nearly $133 billion were invested in developing countries in 2005, which accounted for about 17 percent of the world’s share of outward flows. In addition, the global GDP in emerging markets was equal to nearly 45 percent in 2008, and is expected to increase to 51 percent in 2014 (Wooldrige, 2010). Although manufacturing is one of the main focus sectors for foreign investment, retailing sectors are steadily accounting for a sizeable proportion of foreign investment (Kaynak & Cavusgil, 1982). These factors indicate that emerging markets have enormous market potential and are expected to receive increased attention from international retailers for the foreseeable future (Kaynak & Cavusgil, 1982).

The retailing system in emerging markets was largely composed of unorganized, small-scale, and unregistered systems, until the 1970s (Reinartz et al., 2011). In emerging markets, most retailers operated their own businesses in small spaces, and few retailers own more than one store (Amine & Lazzaoui, 2011). To operate a business in emerging markets, retailers rely on resources from both capital and labor (Tokatli & Boyaci, 1998; Amine & Lazzaoui, 2011). However, retailing development has been influenced by several major forces, which include economy, structure, and consumption in emerging markets (Bianchi, 2009; Amine & Lazzaoui, 2011). The retail landscape in emerging countries is thus commonly comprised of three co-existing formats: (1) traditional formats, (2) informal networks, rooted in their local culture and
habits, and (3) modern systems, recently adopted by an increasing group of customers (Bianchi, 2009; Amine & Lazzaoui, 2011).

Under a traditional retail system, single products and independent specialty stores are the prevalent retail formats. Sternquist (1998, p.94) asserted that traditional or informal retailing systems are characterized by “fragmented markets, long channels, atomistic competition, limited product variety, flexible price with bargaining, and informal credits.” The retailers, who operated independently-owned small businesses with low capital, dominated a country’s commercial activities both in developed and developing economies of the world (Samli, 1964; Kaynak, 1982). However, development of technology, improving transportation infrastructure, and increasing market competition resulted in retailers’ need to supply a variety of products to satisfy customers’ demands (Rostow, 1960; Sternquist, 1998). Consequently, small and independent specialty stores have transformed to bigger and broader modern retail formats in the retailing development process over a few decades (KPMG, 2009).

Modern retail formats not only offer greater convenience, reliability, and diversity of products to the consumers, but also these factors attributed to a rapid expansion of retail channels in emerging markets (Hagen, 2002). In addition, emerging markets have been increasing their ability to attract high quality products and services, and access global retail brands, which are price-competitive with their developed market counterparts (Samiee, Yip, & Luk, 2004). Therefore, emerging markets have become a substantial destination for global retail expansion. Since 2001, more than 49 global retailers have expanded to nearly 90 new countries, as well as the globalization of modern retailing channels continues to accelerate in emerging markets (A.T. Kearney, 2006). Therefore, to identify unique characteristics in emerging markets, many
previous studies have focused on an analysis of the retailing evolution in new global markets (e.g., Goldman, 1974, 1981; Kaynak & Cavusgil, 1982).

**Theoretical Framework**

Theoretical frameworks helped to provide guidance for the research design (Creswell, 2009). Maxwell (2009) addressed that qualitative research can be obtained advantageous and adventurous with using theories. Therefore, carefully organized theoretical frameworks are required to investigation of important issues to the research subjects (Creswell, 2009). Two prominent theoretical frameworks, included the Stage of Growth model (Rostow, 1960) and the Valuable, Rare, Imitable Resources, and Organization (VRIO) framework (Barney, 1995), helped to position the present study. First, the Stage of Growth model (Rostow, 1960) was reviewed and explored relevant to retail development in Vietnam’s market. Second, this section addressed the VRIO framework, conceptualized by Barney (1995). VRIO framework is a widely used to analyze firm’s internal resources and capabilities to find out if they can be a source of sustained competitive advantage.

**Rostow’s Stage of Growth Model**

The growth potential of retail markets in a country is associated with the degree of economic development (Galbraith & Holton, 1955; Sakarya, Eckman, & Hyllegard, 2007; Batra & Niehm, 2009). According to Rostow (1960), investment in capital is a crucial factor for economic development, as well as the modernization process within a society identified as sequence economic development. Rostow (1960) asserted that economic growth in developing countries involves a linear spectrum with five stages of economic evolution. This process is known as Rostow’s (1960) Stage of Growth model, as well as known as a take-off model. Sternquist (1998) applied the Stage of Growth Model to an upward trajectory in stages of the
retail development progress. Brief descriptions of these five stages of retail evolution are explained in the next section and depicted in Figure 2.1.

Stage one, the traditional society, is related to a central economy evolved within limited production capacities, as well as a country that has yet to begin development. Due to a poor transportation infrastructure, trade rarely occurs, since most output is consumed by the producers. During this stage, suppliers not only provide an assortment of products with unmarked prices, but also all business transactions proceed via negotiations. Retailers also have very “scrambled merchandise, which means they sell an unrelated grouping of merchandise” (Sternquist, 1998, p. 90). People in this stage of society are highly involved with agriculture. The country is highly invested in economic activities, such as military- and religion-related industries. Work is labor intensive and there is a limited amount of capital in this traditional society stage.

The second stage of growth, the pre-condition for the take-off stage, refers to increased specialization for production and increased market incentives to create new production, generate a dynamic development, and expand into new markets. This type of retail development results in an industrial revolution, which includes advances in science, agriculture, business, communication, education, and transportation. Society begins to invest in new technology and infrastructure, such as public supplies and transportation, under the influence of these well-educated leaders. These investments will ultimately stimulate an increase in productivity with emerging entrepreneurs.

Stage three of the retail development process, take-off, is characterized by dynamic economic development. During take-off, new industries expand rapidly, as well as modern retail formats develop with a growth of entrepreneurial ventures, where modern industrial techniques are applied. Since, supermarkets and superettes emerge during this stage, foreign investors
extremely desire to enter the markets; countries, such as China, Vietnam, and Zimbabwe, are represented for the take-off stage (Sternquist, 1998). In addition, manufacturers begin to rationalize and increase volumes in a few of the leading industries, as well as products made for both export and domestic consumption. The emergence of a new type of entrepreneurs directs the increase of capital investment in the private sector.

<table>
<thead>
<tr>
<th>Classification</th>
<th>Scrambled merchandise mix</th>
<th>Retailing in permanent structure</th>
<th>Emerging supermarkets</th>
<th>Well established supermarkets</th>
<th>Specialized retail offerings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditional Society</td>
<td>Selling places not permanent</td>
<td>Entrepreneurial start-ups launched</td>
<td>Modern retail formats development</td>
<td>Co-existence of formal and informal retailing</td>
<td>Retailers integrated vertically and horizontally</td>
</tr>
</tbody>
</table>

*Sources: Rostow (1960), Sternquist (1998, 2007), and AT Kearney (2011a)

**Figure 2.1.** Stages of retail evolution adapted from Rostow’s Stage of Growth Model

Stage four, the drive to maturity, is identified as the way to maturity in which a country has effectively applied several modern technologies. The take-off period is followed by a society sustained in terms of its fluctuation progress. Its economy integrates into an international economy. Rostow (1960, p.10) noted that “an economy demonstrates that it has the technological and entrepreneurial skills to produce not everything, but anything that it chooses to produce.” At this stage, a country invests a large amount of capital in its socio infrastructure, as well as retail
markets co-exist between traditional and modern retail formats.

Stage five, the age of high mass consumption, is demonstrated by the leading economic sector as a country shifts towards durable, widespread high-value consumer goods and services. As societies become highly developed countries and high-income economies, their retailers begin to offer very specialized goods and services. Logistics is a very important factor to improve distribution channels. In addition, retailers are integrated both vertically and horizontally.

Building from Stage of Growth Model (Rostow, 1960) and Five Stages of Retail Evolution (Sternquist, 1998; 2007), the present study focuses on key determinants of SMEs development in the Vietnamese apparel retail market, such as transportation infrastructure, labor market, modern technologies, capital investment, and apparel consumption. These determinants provide significant indicators for apparel retailers and policy-makers to assess opportunities and competitive advantages, and to establish successful business strategies in Vietnam’s apparel retail markets.

**Application of Rostow’s Stage of Growth Model to Retail Development in the Vietnamese Market**

Based on the take-off model by Rostow (1960), Sternquist (1998; 2007) provides five stages of retail and economic development that can be associated with retailing activities in a country. The growth of the formal or organized retail industry may be complementary to economic growth, growth potential, technology and infrastructure development, and employment opportunities in a country (Sternquist, 1998; 2007; Batra & Niehm, 2009). This supports application of the take-off model to assess the retail market development of the Vietnamese economy. Since enactment of the economic renovation in 1986, Vietnamese retail markets have faced gradually increasing globalization forces and competition from outside investors (Nguyen,
Nguyen, & Barrett, 2007). Therefore, retailing structures in the country have dramatically changed over the past two decades.

Before the emergence of modern retail formats in the early 1990s, only traditional retail markets were predominantly operated in Vietnam for several decades, such as small mom-and-pop stores and friendly neighborhood outlets, often referred to as open-wet markets or street markets (Speece & Huong, 2002). Many small street vendors were centered in a specific place to sell their daily products under the traditional market mechanism in Vietnam (Hagen, 2002). To date, traditional markets have been dominant in the Vietnamese market, and accounted for 80 percent of the total retail activity in 2011 (“Vietnam wants to move away from traditional markets,” 2011). Traditional retailing channels still significantly contributed to the shopping habits of the Vietnamese people (Maruyama & Trung, 2007). Even though traditional markets have played a significant role in Vietnamese retail markets, there is evidence that the number of traditional markets is gradually declining (Planet Retail, 2012).

Similar to China and Thailand’s retailing development patterns, the Vietnamese retailing sectors have developed based upon the strong export performance of the apparel manufacturing industry (Cooke, 1996). Due to the successful performance of manufacturing sectors, Vietnam’s retailing sector has also grown quickly (Maruyama & Trung, 2012). The first modern retail format launched in Vietnam was a supermarket form of SMEs with capital intensive in Ho Chi Minh City (HCMC) in 1993 (Speece & Huong, 2002; Cadihon, Moustier, Poole, Tam & Fearne, 2006; Maruyama & Trung, 2007). Since the first modern retail chain introduced in the early 1990s, modern Vietnamese retail systems have developed their formats, including convenience store, hyper- and super-markets, and shopping centers (Yang et al., 2011). To date, these retail formats have become more familiar to Vietnamese consumers (Yang et al., 2011).
Due to rising living standards and aspirations, the development of modern retailing is fueled in Vietnam (Planet Retail, 2012). By the end of 1995, there were just 10 supermarkets and two shopping centers across the country in Vietnam (“Shopping’s big guns ride into town,” 2010). However, the number of modern Vietnamese retail channels continues to increase rapidly, with an additional 750 supermarkets and hypermarkets, and 150 shopping centers were operating in 2010 (Table 2.1) (Maruyama & Trung, 2007, 2012). The number of modern Vietnamese retail channels accounted for just 20 percent of the total Vietnamese domestic retail market in 2010 (Maruyama & Trung, 2012).

Table 2.1.

<table>
<thead>
<tr>
<th>Retail Format</th>
<th>Year</th>
<th>1995</th>
<th>2000</th>
<th>2004</th>
<th>2007</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supermarkets and hypermarkets</td>
<td>10</td>
<td>107</td>
<td>210</td>
<td>400</td>
<td>750</td>
<td></td>
</tr>
<tr>
<td>Shopping centers and department stores</td>
<td>2</td>
<td>8</td>
<td>18</td>
<td>70</td>
<td>150</td>
<td></td>
</tr>
<tr>
<td>Independent stores</td>
<td>-</td>
<td>588,000</td>
<td>619,000</td>
<td>900,000</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

*Source: Maruyama & Trung (2007; 2012)*

Although Vietnam’s retail sector is in an early stage of modernization, the modern retail market share will be expected to account for 40 percent of all Vietnam’s retail development within a decade (“The background of the retail market in Vietnam,” 2013). Therefore, the number of modern retail formats has continued to increase rapidly throughout the country, as more consumers switch from traditional markets to modern retail outlets (A.T. Kearney, 2008). Roughly, the characteristics of the modern retail formats can be categorized into five types in Vietnam supermarkets, hypermarkets, commercial centers, shopping malls, and convenience stores (RNCOS, 2008). The specific characteristics for each modern retail format in Vietnam are described next (RNCOS, 2008).
Supermarkets provide a variety of groceries and household merchandise with self-service in an organized system. Supermarkets not only offer a wide range of selections over a traditional grocery store, but also offer a limited range of products from the hypermarket. The size of a supermarket is larger than a traditional grocery store and smaller than a hypermarket.

Hypermarkets are an expansive retail format, which functions as both a supermarket and a department store. A hypermarket provides a variety of merchandise in one stop. In Vietnam, the store name, Big C, is the only hypermarket in operation. Because of its size, this hypermarket only operates in major cities in Vietnam, such as HCMC, Hanoi, Hue, Da Nang, Vinh, Nam Dinh, and Ving Phuc.

Commercial Centers provide a variety of high-end value products, such as designer brand clothes and shoes, cosmetics, electronic devices, etc. Department stores are a representative of commercial centers in Vietnam. There are several department stores operating in Vietnam, including Diamond Plaza and Parkson in HCMC, as well as Vincom, Trang Tien Plaza, Grand Plaza, Manor, and Parkson in Hanoi.

Shopping Malls are a collection of independent stores, which may include hypermarkets, supermarkets, department stores, theaters, and special stores, with a management place as the unit. This is a relatively new modern retailing format in Vietnam. The South Korean retailer, Lotte Mart, qualifies as a shopping mall in HCMC and Hanoi, Vietnam.

Convenience stores provide daily demand items, such as water, toothpaste, shampoo, tissues, etc. Convenience stores are daily found on all streets in Vietnam, and compete with street vendors and traditional markets. Family Mart, G7, and Shop & Go are examples of convenience stores in Vietnam.
The development of modern retail systems in Vietnam attributed to retail markets’ evolution in the last few decades. Hence, apparel retailers steadily expanding stores on major commercial streets and shopping centers in Vietnam’s marketplace (Goto, 2012). According to a Euromonitor International report (2011), domestic clothing sales in Vietnam increased from $487 million in 2005 to $913 million in 2010 in a half-decade (see Figure 2.2). Vietnamese domestic apparel sales continue to grow more than 15 percent annually, accounting for one-fourth of Vietnam’s total manufacturing production (RNCOS, 2008).

*Source: Euromonitor International (2011)

*Figure 2.2. Clothing and footwear sales in Vietnam: 2005-2010

The Valuable, Rare, Imitable Resources and Organization (VRIO) Framework and SMEs Competitive Advantage in the Vietnamese Apparel Retail Market

Researchers have used various frameworks to analyze the external and internal environments in which businesses operate and to understand the sources of sustained competitive advantage (Barney, 1991; Barney & Hesterly, 2005; 2010; Roxas & Chadee, 2011). To explain the competitive advantage for a firm to operate successfully in the marketplace, the VRIO framework is a useful theoretical guidance (Barney & Hesterly, 2010). This prominent tool to analyze a firm’s internal resources is originally developed by Barney (1995). The VRIO framework constitutes a part of the resource-based view (RBV), a basis for the competitive advantage of a firm to rely primarily on the application of a bundle of valuable tangible or
intangible resources, and capabilities assets (Wernerfelt, 1984; Andersen & Kheam, 1998; Rumelt, 1997).

The VRIO framework is an acronym for the four questions’ framework that ask about a firm’s resources or capabilities to determine its competitive potential (Barney, 1995). A firm’s resources or capabilities that meet all four requirements can bring a sustained competitive advantage for the enterprise (Barney, 1995). Barney (1995, pp. 50-56) addressed these four questions about a firm’s resources or capabilities in the following.

**The Question of Value:** Do a firm’s resources and capabilities add value by enabling it to exploit opportunities and/or neutralize threats?

**The Question of Rareness:** How many competing firms already possess these valuable resources and capabilities?

**The Question of Imitability:** Do firms without resources or capability face a cost disadvantage in obtaining it, compared to firms that already possess it?

**The Question of Organization:** Is a firm organized to exploit the full competitive potential of its resources and capabilities?

According to the VRIO framework, a supportive answer to each question relative to the firm being analyzed is if the firm can sustain a competitive advantage. The resource creates value when it allows the enterprise to implement strategies to improve a firm’s efficiency and effectiveness. If most competitors hold the same valuable resource, they will likely explore their use in similar ways, which results in implementing the same value creating strategy. This would not result in any firm achieving a competitive advantage as a result of owning a valuable resource (Barney & Zajac, 1994). If valuable and rare resources are easily imitable, competitors would quickly copy them and the potential for competitive advantage would disappear. Then, if there are high costs of imitation, the firm may enjoy a period of sustained competitive advantage. If a firm depends on value, rareness, and imitability of its resources and capabilities, a company
properly organized with the firm’s structure, control systems, and compensation policies could fully realize its sustained competitive advantages (Barney, 1995).

When growing, a firm must pay attention to its utilizing resources, capabilities, and competencies—crucial components of the VRIO framework for a firm’s strategy development (Clark, 2000). The literature supports the need for qualitative studies to understand why firms choose a certain path of capability development (Laamanen & Wallin, 2009), how firms introduce dynamic attributes into existing capabilities (Shamsie, Martin, & Miller, 2009), how organizations develop resources/capabilities that are the source of their competitive advantage (Ambrosini & Bowman, 2009; Easterby-Smith, Lyles, & Peteraf, 2009). Particularly, this is important in SMEs, where resource bundles are less complicated (Lockett, Thompson, & Morgenstern, 2009), and increasing attention is necessary to needs for resources and capabilities’ implementation (Pablo et al., 2007), as well as decision-making and interactions among entrepreneurs (Felin & Foss, 2009). Therefore, the VRIO framework is a suitable model to examine SMEs’ dynamic competitive advantages in the Vietnamese apparel retail market.

**Capital Resources in the Vietnamese Retail Market**

The literature supports that a firm’s size and growth positively influences access to capital resources (Myer, 1977). Myer (1997) argued that high-growth and larger firms might have more opportunities for future development than low-growth and small size firms. Consequently, SMEs have disadvantages in comparison with larger firms because they depend on limited resources and outside entities (Wincent, Anokhin, & Orqviest, 2010). Therefore, governmental financial support is an important factor that stimulates new venture creation, provides entrepreneurial opportunities, and affects competition in a country (Stevenson & Gumpert, 1985; Tyebjee & Bruno, 1984).
Since Vietnam moved towards trade liberalization in terms of market-oriented and open economy in 1986, its government recognized the importance of the FDI to encourage Vietnam’s economy (Hoang et al., 2010). Many studies support that FDI is positively influence many sectors of development in transition economy, including economic growth, production capacity, income level, trade volume, employment rate, balance of payment, and general welfare (Balasubramanyam, Salisu, & Sapsford, 1999; Erdal & Tatoglu, 2002; Nguyen & Pham, 2012). Therefore, the Vietnamese government joined severe competition to receive more FDI to restructure the domestic economy. Since the “Law on Foreign Investment” introduced in late 1987, Vietnam has greatly received attention from foreign investors (Hoang et al., 2010). Taken together this policy direction with FDI has been a major driver for the expansion of trade and investment and has accelerated its progress in Vietnam (UNIDO, 2012).

Although Vietnam has faced several challenges over the past few years, including high inflation, trade deficits, and fluctuating exchange rates, foreign investors still anticipate Vietnam’s retail marketplace to be an attractive destination for further investments (A.T. Kearney, 2010; 2011a; 2014), likely a result of the country’s continuing increase in population and growing household income of its middle class (A.T. Kearney, 2010; 2011a; 2014). Retail channels are diversifying in Vietnam; traditional retail markets, modern retail formats, including department stores, shopping centers, specialty stores, and online markets, are rapidly expanding throughout the country (A.T. Kearney, 2010; 2011a; 2014). The Vietnamese government is also challenged to provide more attractive retail business environments, including the abolishment of trade barriers and reduction of corporate tax rates (A.T. Kearney, 2014). Therefore, to date, the large number of FDI inflows to the Vietnamese retail market has mainly reflected attempts by foreign investors to exploit opportunities along with economic growth. For several years, FDI
flow in Vietnam has shown a shift from manufacturing sectors to the domestic demand-related sectors, where the retail trade sector is one of the most attractive investment areas (Syamanada, 2013).

Vietnam has been transforming to a market-oriented economy over the past two decades. In addition, the importance of SMEs’ roles is recognized in the transitional economy (Nguyen & Ramachandran, 2006). Therefore, the Vietnamese government has implemented a variety of policies to support this important SME business sector. According to a recent report by the Ministry Planning and Investment (2011), 97 percent of registered firms are classified as SMEs, where non State-Owned Enterprises (SOEs) account for nearly 80 percent. The small business sector in Vietnam also generates 40 per cent of the annual GDP (Hung, 2007). Since Vietnam opened its retail market, foreign firms are ambitious in dominating the market with competitive advantages in capital and experience. However, the majority of SMEs in Vietnam face the difficult problem of access to FDI and capital resources for future development (Doanh & Pentley 1999). Based on the literature, this first research question is posited:

**RQ1**: How do domestic Vietnamese SMEs entrepreneurs access the amount of funds required to operate businesses in Vietnam’s apparel retail market?

**Human Resources in the Vietnamese Retail Market**

A firm’s human capital is believed to be an important source of sustained competitive advantage (Barney, 1991). According to Porter (1990), human resources are a significant factor that a country possesses as a competitive advantage relative to its rivalry. Specifically, lower labor cost is an endowment factor, which allows a country to take a comparative advantage over its competitors (Daniels & Radebaugh, 1992). Specifically, textile and apparel manufacturing sector is categorized into labor-intensive industry, which is still rely on lower labor costs (Hsieh
et al., 2004). Therefore, for the past few decades, labor-intensive industries (e.g., textile and apparel industry) have increasingly begun re-locating from developed countries to developing countries with lower labor costs, such as China, India, the Philippines, and Vietnam (Dicken, 1998; Salinger, 2003).

Improvement of human resources is an important metric for assessing socio-economic development. Therefore, analysis of the changing dynamics of the labor force growth can assess the impact of economic transition and propose appropriate employment policies to facilitate socio-economic conditions for a country (Ministry of Planning and Investment, 2011). Labor force is one of Vietnam's competitive advantages and accounts for an important part of its sustaining future growth (KPMG, 2011). One of Vietnam’s greatest attractions for foreign investors has been its inexpensive and relatively high-quality labor force (Hsieh et al., 2004).

According to the CIA’s World Fact Book (2013b), the Vietnamese population increased to over 90 million people in 2012. Vietnam is famous for its young, hard-working, highly literate and easy-to-train labor force (KMPG, 2011). In 2011, Vietnam’s work force is around 51.4 million people aged 15 years and older with about 1.5 million people being added to labor force every year (See Figure 2.3) (General Statistics Office of Vietnam, 2013b). This population accounted for 58.5 percent of the total population, including 50.35 million employed and 1.05 million unemployed people (General Statistics Office of Vietnam, 2013b). The un-employment rate decreased to 0.9 percent in 2011 from 4.3 percent a year earlier (CIA World Factbook, 2013b).

The SME sector has long been a major source of employment generation in the Vietnamese economy. According to the Ministry Planning and Investment (2011), SMEs accounted in 77 percent of the workforce in Vietnam. Due to an abundance of a cheap labor
force and undergoing a process of industrialization, Vietnam has been considered an alternative site to relocate production by foreign investors (Cooke, 1996). However, employee training conducted by professional experts is crucial to improve its capability to meet investors’ requirements. Therefore, the next research question is posed in regard to employment in SMEs engaged in the Vietnamese apparel retail market.

**RQ2:** Vietnam has a relatively young, abundant labor force over other emerging markets. How do SMEs engaged in the Vietnamese apparel retailing efficiently use human resources to enhance the competitiveness in their businesses?

![Figure 2.3. Vietnamese Demographics: Labor force at 15 years of age and above](chart)

*Source: General Statistics Office of Vietnam (2013c)*

**Transportation Infrastructure in the Vietnamese Retail Market**

According to Vu (2011), “transportation infrastructure plays an important role in regional and global economic integration (p.1).” In addition, Aschauer (1989) explained decreasing public investment on transportation infrastructure leads to falling productivity. Previous research provides evidence that steady growth of international trade has led to the importance of international and local transportation infrastructure for the past several decades (Tavasszy, Ruijgrok, & Thissen, 2003). Since the 1990s, many researchers have observed increasing importance of retail logistics (e.g., Pache, 1998; Fernie, Pfab, & Marchant, 2000).
Therefore, retail logistics is a key determinant of competitive advantages in a country to increase product availability at lower costs (Pache, 1998; Fernie et al., 2000; Kotzab & Teller, 2005).

In emerging markets, a country faces several challenges in regard to poor logistics and transportation infrastructures (Waters, 1999). Lower qualities of transportation infrastructure and logistics service are continuously constraining the efficiency of retail expansion in emerging markets (Maruyama & Trung, 2012). Therefore, development of transportation infrastructure plays an extremely important role in the socio-economic factors of a country's economy (Vu, 2011). More specifically, in a transitioning economy, such as Vietnam’s, a highly increasing transport demand is leverage the Vietnamese government is using to impart pressure on transportation infrastructure investment (Vernard, 1996). As a result, the increasing transport demand contributes to opportunities for development of the transportation infrastructure and challenges the capacity of both infrastructure and services (Vu, 2011).

Geographically, Vietnam is located in the Indochinese Peninsula, about the size of New Mexico in the United States or the size of Italy (CIA World Fact Book, 2013a). Vietnam encompasses approximately 128,000 square miles of territory, shares borders with China to the north, Laos and Cambodia to the west, and the South China Sea to the east (CIA Fact Book, 2013a). Since the economic renovation policy was enacted in the late 1980s, the development of the transportation infrastructures has provided significant progress to Vietnam. Along with its economic growth, transportation demand is also intensively growing to meet the commodities and passengers’ movements, as well as trade activities in Vietnam.

However, the condition of the transportation and logistics infrastructure is a main constraint to the growth of exports and productivity in Vietnam (Vu, 2011). To date, transport services are constrained by two major factors in Vietnam, (1) the condition of the road network
and (2) the cost and reliability of ocean shipping services (A.T. Kearney, 2011b). During the past decade, the road network infrastructure has been a focal point. The government invested in transportation as road-based development through spending by the central government. This road investment accounted for approximately 90 percent of the total transport expenditure (Vu, 2011). From 1995 until 2011, the volume of freight by road consistently accounted for 74 percent of the domestic volume (See Figure 2.4).

*Source: General Statistics Office of Vietnam (2013d)

**Figure 2.4. Volume of freight by type of transport**

According to the statistics from the General Statistics Office of Vietnam (2013d), the percentage of paved national road has increased from 60 percent in 1995 to about 92.5 percent in 2006. The country has achieved an increasing road network to about 160,089 km (99,475 miles), with 48 percent asphaltic or concrete pavement in 2007 (World Bank, 2013b). Railway, port, and waterways have obtained a remarkable development of infrastructure to meet transportation demands (A.T. Kearney, 2011b). However, Vietnam still lacks expressways and high-speed railway transport routes.

Nguyen et al. (2009) address the critical role of government to encourage the growth of entrepreneurial private ventures through creation of favorable market conditions and resource infrastructure. They also stress the importance of infrastructure and supportive policies for the
development of entrepreneurial environment and ultimately the entrepreneurial firms. However, despite governmental supports to improve the country’s infrastructure, most SMEs in Vietnam issue that a delay in delivery of products and raw materials by traffic jams occurs because of a narrow and deteriorated current transportation infrastructure (Egan, 2012). This body of literature in sum supports the next research question:

**RQ3:** How current transportation infrastructure aid to retail operations for domestic Vietnamese SMEs in apparel retail market?

**Technology Infrastructure of SMEs in the Vietnamese Retail Market**

According to Dahlman, Ross-Larson, and Westphal (1987), technology is one of the most important factors that support socio-economic development in newly industrialized countries. Substantial evidence shows that a number of SMEs in various industry sectors do engage in technological innovations and these innovations are likely to be an important determinant of their business success (Hoffman et al., 1998). Research suggests that successful, SMEs need high quality information and must always provide superior value, better than its competitors, when it comes to quality, price and services (Pollard, 2006). However, the ability and innovative capacity of SMEs varies significantly, depending on their sector, size, focus, resources, and the business environment in which they operate (Burrone & Jaiya, 2005).

Retailing is a technology-intensive industry (Kumar, 1997). Therefore, the apparel retail industry has continuously invested, and changed equipment and technology to meet market demands, as well as to improve its competitiveness over many decades (Dicken, 1998). One of the important determinants of a country’s competitive advantage in technology is considering “how retailers: (1) configure the supply chain; (2) manage their store operation; and (3) interact with customers” (Kumar, 1997, p. 833). In addition, technology is a key factor that enables retailers to participate in the world economy (Huy & Filiatrault, 2006).
In the globalized economy, retailers in emerging markets increasingly recognize the importance of adopting advanced knowledge and technology from international and domestic external factors (Machikita & Ueki, 2013). In a transitional economy, such as Vietnam, technology development is a significant factor needed to evolve into a market-oriented economy (Maruyama & Trung, 2012). Technology infrastructure in Vietnam is growing rapidly, but it is still in the early stages of development. However, compared to other lower-middle income countries in the region, Vietnamese technology factors perform well (World Bank, 2011).

The Vietnamese government has focused on technology infrastructure development, such as telecommunications, Internet services, transportation projects, and e-commerce (Hsieh et al., 2004). Remarkably, its telecommunications industry has been rated as the second fastest growing in the world by the International Telecommunication Union (ITU), behind China (Wang & Chien, 2007). According to Vietnam’s Ministry of Information and Communications (2012), an estimated 30 million Vietnamese people used the Internet in 2012, accounting for nearly 30 percent of the total population (Figure 2.5). The number of Vietnamese households with access to the internet is currently at 35-40 percent, and will increase to 45-50 percent by 2020 (Ministry of Information and Communications, 2012).

*Source: Euromonitor International (2011)

*Figure 2.5. Internet usage in Vietnam: 2008-2012*
Due to development of telecommunications and Internet infrastructures, the Vietnamese retailing market continues to accelerate (Breu, Salsberg, & Tu, 2010). This provides an excellent opportunity for retailers with technological infrastructure and services to gain more market share (Costello, Nash, Kavanagh, Symth, & Boyce, 2010). However, most SMEs in Vietnam’s retail markets lack the adoption of Information Technology (IT) in their management systems. Therefore, Vietnamese retailers have to apply new technologies which help in improving the management efficiency, such as Electronic Data Interchange (EDI), Point-of-Sales (POS), and Radio Frequency Identification (RFID) (RNCOS, 2008).

E-commerce is an important business platform to help enterprises reduce operation costs and improve competitiveness in the increasingly competitive global market (Van Huy et al., 2012; Pham et al., 2011; Wang & Chien, 2007). In terms of retail trade through the Internet, e-commerce has gradually developed and become popular with Vietnamese consumers, especially office workers and students in the urban areas (Ministry of Industry and Trade, 2009; Pham et al., 2011; Van Huy et al., 2012). Very recently, online shopping websites have become popular for several categories of products and services, such as airline tickets, electronic devices, clothing, books, tourism, etc. in Vietnam (Ministry of Industry and Trade, 2009). Therefore, Vietnamese SMEs have recognized the importance of e-commerce, as well as begun to build their own websites to introduce products and services to customers (Van Huy et al., 2012). Consumer-to-consumer business (C2C) became the most common platform for e-commerce in Vietnam through Vatgia.com, Rongbay.com, and Raovat.net (Euromonitor International, 2011).

Social networking provides a means for businesses to improve customer relationships, build community, and create feedback regarding their products and services. Recently, Social Networking Service (SNS) is beginning to appeal to many young Vietnamese consumers. These
e-commerce and SNS channels are becoming potential markets for apparel retailers in Vietnam (Ministry of Industry and Trade, 2009). Therefore, there could be a dramatic increase in consumer demand through IT products and services in Vietnam’s retailing market in the coming years, supporting the following research question:

RQ4: How efficiently have SMEs engaged in domestic Vietnamese apparel retail market adapted to technology?

Drivers of Apparel Consumption in the Vietnamese Retail Market

According to Reimer (1995, p.123), “the lifestyles of consumers tend to be urban, and consumption and entertainment oriented” reflecting the emergence of a new middle class. Under this centrally-planned mechanism, the Vietnamese culture and lifestyle have been centrally-controlled and influenced by foreign communist countries, such as the Soviet Union, China, and Cuba (Drummond & Thomas, 2003). However, liberalization of the economy in the late 1980s enabled Vietnamese consumers to access information, entertainment, and commodities (e.g., the appearance of famous foreign brands in markets and stores, such as clothes, shoes, and motorcycles) from Western countries and other parts of Asia (Nilan, 1999).

In addition, the economic growth in Vietnam has brought increasing disposable income attributed to the new emerging consumer class and increasing brand preferences of Vietnamese consumers (Nilan, 1999; Binh & Terry, 2011). Particularly in urban areas, the emergence of new consumers with purchasing power and discretionary tastes has influenced economic development and retail modernization in Vietnam over the past two decades (Nilan, 1999). Increasing household income and economic changes have also attributed to changes in consumption levels in Vietnam (Shultz, Pecotich, & Le, 1994; Maruyama & Trung, 2012; Penz & Kirchler, 2012). In recent years, Vietnam has ranked third in the world in terms of its
consumption ratio (“Vietnamese people changing their consumption habits: Research,” 2007). The average consumption propensity reflected in the GDP of Vietnam is high, when compared with other countries in the region (RNCOS, 2008).

Consumer expenditures in Vietnam are growing rapidly, more than four percent during the period from 2000 to 2009, due to increased purchasing power and large market size (Penz & Kirchler, 2012; Syamananda, 2013). Vietnamese consumers, particularly younger segments, spent around 70 percent of their monthly income on consumer goods (e.g., personal care and household products) and services (e.g., personal leisure and travel) in 2008. This phenomenon indicates that consumer spending as an important part of Vietnam’s current economy (Penz & Kirchler, 2012).

Although the Vietnamese apparel industry is highly export-oriented, domestic fashion product demands are steadily increasing, due to rising brand-preferences and consumer orientations (Cooke, 1996; Nguyen, Nguyen, & Barrett, 2007; RNCOS, 2008). However, many SMEs engaged in the apparel retail market suffer from inadequate organizational planning and sales strategies (Tetteh & Burn, 2001). In contrast to large firms, SMEs are different in terms of the scope of the products or service varieties available to the customers (Reynolds, Savage, & Williams, 1994; Sameni & Khoshalhan, 2009), as well as sales strategies, leading to the next research question:

**RQ5:** How do SMEs engaged in the domestic Vietnamese apparel retail market satisfy consumer demand?

**Proposed Conceptual Framework**

Based on the five stage of retail development by Rostow (1960) and Sternquist (1998, 2007), the VRIO framework by Barney (1995), and literature support, the present study proposed a conceptual framework and associated research questions in regard to SMEs competitive
advantages in the Vietnamese apparel retail market (See Figure 2.6). Using key determinants from the two theoretical perspectives, determinants of Vietnamese retail development will be examined in this model. The dimensions of resources, capabilities, and opportunities from each component, including capital resources, human resources, technology and transportation infrastructures, and apparel consumption, will be examined concerning SMEs sustained competitive advantages in the Vietnamese apparel retail market:
Figure 2.6. Proposed conceptual framework of SMEs dynamic performance in the domestic Vietnamese apparel retail market
CHAPTER 3. METHODOLOGY

Chapter three describes the research methods for the study. To answer the proposed research questions and objectives for this study a mixed approach was used, including qualitative and quantitative methods, content analysis, and descriptive analysis. This chapter begins with a description of the research design of the study. The next sections are organized as follows: the second and third sections explain the interview instrument and how the questionnaire was translated, the fourth section describes sample, the fifth section describes the data collection procedure, and the last section explains the data analytic procedures.

**Mixed Methods Research Design**

The purpose of the present study was to derive a better understanding of current apparel retailing market situation in Vietnam. More specifically, this study attempted to identify the entrepreneurial performance and competitive advantage of small business in the domestic Vietnamese apparel retail market. In addition, this study aimed to explore the capacities, challenges, and opportunities for small domestic Vietnamese apparel retail entrepreneurs. In pursuit of these specific objectives, this study used a qualitative mixed methods design which mainly consisted of face-to-face interviews and incorporated a limited collection of descriptive quantitative data. The purpose of this research design was to obtain the respondents’ thoughts and reasoning in greater depth through gathering qualitative data along with supportive quantitative results.

To conduct research about Vietnam, most researchers have encountered considerable challenges due not only to the country’s unique political system, but also the cultural and social setting (Maruyama & Trung, 2012; Venard, 1996). In addition, researchers in Vietnam may face
difficulty accessing reliable statistics. Simultaneously, there is a limited extant academic research and published data with regard to the Vietnamese apparel retailing and entrepreneurial activity in the Vietnamese retail market. For these reasons, the current study attempted to approach the research questions with multiple research methods.

First, face-to-face, depth interviews was selected as the most suitable research method for the current study in order to gain insight into entrepreneurial performance and the current apparel retail market situation in Vietnam’s retail market. Because, in-depth interviews allow researchers to transcend their own preconceived views and understand people’s ideas of things (McMillan & Schumacher, 2010). According to Esterberg (2002), the purpose of a face-to-face interview is “to explore a topic more openly and to allow interviewees to express their opinions and ideas in their own words” (p.87). In addition, Kerlinger (1973) asserted that an in-depth, face-to-face interview is an appropriate method to verify impressions gained through dialogue between the interviewer and interviewee, and provides the ability to check accuracy of the findings. Therefore, this study accessed a wealth of information and identified a meaningful understanding of research subjects, through these face-to-face interviews.

Prior to conducting in-depth interviews, demographic data on participants’ personal and business background, were collected quantitatively. To incorporate with a qualitative component, a paper-based survey technique was utilized to collect quantitative data related to level of entrepreneurial performance, opportunities, and challenges in the domestic Vietnamese apparel retail market. Although, quantitative results are limited in fully explaining what participants’ opinions and ideas, it enabled a comparison of qualitative responses about the current domestic Vietnamese apparel retailing market situations.
This study also used content analysis to identify evidence of to support evidence of the current Vietnamese apparel retail market situation, entrepreneurial activity, and growth potential from existing documents and artifacts. Because, content analysis is an appropriate research technique for valid inferences from the content of written texts and artifacts (Krippendorff, 2012). To collect data for a content analysis, the researcher utilized secondary data were draw from published documents, including academic journals, books, newspapers, industry publications, statistical documents, and government and industry web sites. The content analysis was useful for identifying knowledge gaps and providing evidence of current socio-economic factors and key determinants that influence development of the Vietnamese apparel retail industry (McLeod & Balamoutsou, 2000).

**Research Instruments: Design and Translation**

A detailed paper-based survey and interview questionnaire were designed based on the theoretical frameworks selected for this study and findings from the literature review (See Appendix. A). The questionnaire consisted of four major sections: (1) the profile of a interviewee; (2) domestic Vietnamese small business entrepreneurs’ performances; (3) key determinants with regard to current Vietnamese apparel retail market situations, which included opportunities and capacities; (4) difficulties and challenges faced by small Vietnamese apparel retailers.

Part I of the survey on demographic background tapped variables that measured subjects’ gender, age, level of education, years of business operation, number of stores, type of business, location, type of products, resources of fund, number of employees, and sales volume in the fiscal year 2013. For Part II of the paper-based survey, the following scales from Vietnamese retailer’s performance survey instruments (Maruyama & Trung, 2012) were adapted
to measure: degree of competition, business operating costs, labor market conditions, logistical management, technology capacity, consumer demand, and difficulties of the business. Each questionnaire was administered using a five-point Likert-type scale and was supplemented by closed-ended survey questions.

For Part III of the face-to-face interview, a series of semi-structured and open-ended questions were developed based on the VRIO framework (Barney, 1995), the Stage of Growth model (Rostow, 1960), and the literature review. The final version of the interview questions consisted of seven major sections, including: (1) the firm’s resource/capacity within VRIO framework, (2) capital resources, (3) human resources, (4) technology infrastructure, (5) transportation infrastructure, (6) consumer demand, and (7) summary questions with regard to challenges and opportunities of the domestic Vietnamese apparel retail market.

Because the adapted survey’s instrumental scales and interview questions were developed in English by the primary researcher, all items and instructions were translated from English into Vietnamese by a native Vietnamese translator. To translate the instrument’s questions, the researcher recruited two native Vietnamese translators who had resided in the United States for several years. Greenfield (1997) suggested that recruitment of bilingual individuals who have experience living in both cultures reduces linguistic bias and enhances accuracy in the translation process for survey instruments. Therefore, the present researcher recruited one more bilingual native Vietnamese translator for back transcription from Vietnamese into English to detect differences between the original and the back-translated instrument. These two native Vietnamese translators negotiated differences in translations for the survey and interview questions and arrived at consensus.
Sampling Approach

According to Maruyama and Trung (2012, p.38), “personal relationships are still very important in Vietnamese society; without close relationships with members of the business community and/or government authorities, a researcher will experience difficulties when accessing information”. Consequently, establishing relationships with the sample population is a very significant factor in recruiting appropriate participants for this study. In particular, the present study required personal relationships with small business owners who were involved in the domestic Vietnamese apparel retail market to discuss entrepreneurial performance and the current market situation. Therefore, a snowball sampling technique was deemed the most suitable method to recruit appropriate participants for the present study.

According to McMillan and Schumacher (2010), “snowball sampling, also called network sampling, is a strategy in which each successive participant or group is named by a proceeding group or individual” (p.327). In snowball sampling, each participant refers the researcher to other potential participants who fit the profile or have the attributes required for the study (Esterberg, 2002; McMillan & Schumacher, 2010). This snowball sampling method is often used with hidden populations which are difficult for researchers to assess (McMillan & Schumacher, 2010).

Initial informants were identified through convenience sampling, since they are industry acquaintances of the primary researcher. The primary researcher was employed as an assistant manager for a South Korean fashion company for two years in HCMC of Vietnam and has personal relationships with some small business entrepreneurs who engaged in the domestic Vietnamese domestic apparel retail market. Upon identification of initial known acquaintances of the researcher in Vietnam, each key informant introduced other potential participants who are appropriate for the present study.
The sample (n=13) for the present study was obtained via a snowball sampling method from small business entrepreneurs engaged in the domestic Vietnamese apparel retail market. The sample selection criteria for each private apparel retail entrepreneur included those who were: (1) engaged in a domestic retailing business; (2) classified as a small business; (3) categorized as an independently-owned business; (4) engaged in the business for more than three years for measures of stability and credibility to the business, and helping to ensure reliability of the data set; and (5) in which the entrepreneur indicated a willingness to take part in this study.

**Data Collection**

The researcher obtained approval from the Institutional Review Board (IRB) in April 2014 to assure the rights and welfare of the individuals involved in the research were protected (See Appendix. B). After IRB approval was received, the researcher conducted data collection in HCMC of Vietnam in April and May of 2014. Since HCMC is the largest city and the economic center of Vietnam, the majority of small apparel retailers are located there. For the reason of target population density, HCMC was determined to be appropriate for data collection.

In an attempt to improve the research design prior to performance of the full-scale data collection, the research instruments were pilot tested with a domestic Vietnamese small business owner. A pilot test is usually conducted with members of the relevant population to identify potential practical problems in following the research procedure (Van Teilingen & Hundley, 2002). With respect to sample size for a pilot test, Lackey and Wingate (1998) recommend obtaining approximately 10 percent of the final study’s sample size. Due to difficulty of recruitment sample and time constraints, the researcher determined that a domestic Vietnamese small business owner was an appropriate sample size for the present study.
Pilot testing is an important process for increasing the validity of the study and improving the research design prior to conducting the actual research project (McMillan & Schumacher, 2010). Based on results from the pilot test, the survey and interview questions were modified then face-to-face interviews were scheduled with each participant. The researcher made an initial contact with each potential participant to verify their availability to participate in this study and to arrange an interview schedule. Interviews were conducted at the respondents’ work places or areas where they felt comfortable being interviewed.

At the beginning of the data collection process, the researcher briefly explained the purpose of and procedures for the study. After that, each participant read and signed the informed consent document (See Appendix C) and completed questionnaires about their personal and business profile. Additionally, each participant completed a copy of the structured survey questionnaire about participants’ current business environment and retail operation performance. Finally, semi-structured and open-ended interview questions were asked of all participants, focusing on elements based on a combination of the VRIO framework (Barney, 1995) and Rostow (1960)’s Stages of Growth model. All procedures lasted approximately 60 to 90 minutes. To avoid language constraints, the primary researcher was accompanied by two Vietnamese interpreters for participants who did not speak English. Since the majority of participants did not speak English, the interviews were conducted in the Vietnamese language. Responses were transcribed with simultaneous development of notations, and recorded in Vietnamese. Afterwards, responses were translated from Vietnamese to English by two native Vietnamese translators. All interviews were audio-taped for accuracy of transcription. To keep participants’ confidentiality, an alias was provided throughout the reporting of research findings.
At the end of interview, participants were compensated for participating in this study with a VND 200,000 gift card (equivalency of $10 U.S. currency) to thank them for taking the time to participate in the interview. No other compensation was offered.

**Data Analysis**

Data analysis was conducted in two phases: quantitative analysis and qualitative analysis. For the quantitative phase, descriptive statistics were calculated from the paper-based survey results to support evidence from the in-depth interviews. SPSS 21 was used to conduct descriptive statistics, including the calculation of means, standard deviations, and frequencies of item scores.

To prepare for the in-depth interview data analysis, the audio-taped interviews were transcribed by two native Vietnamese translators. To avoid language bias and increase accuracy in the translation process, the interview transcriptions were translated from Vietnamese into English and back translated from English into Vietnamese. In the back translation procedure, the two translators negotiated differences in translations, since this procedure has been shown to help to reduce mistakes in translation. Although the back translation process does not guarantee a perfect translation, these procedures may allow to preservation of the integrity and trustworthiness of the study, and maintain the research process more relevant (Anfara, Brown, & Mangione, 2002). Based on the translated interview transcriptions, the present study used the open coding process. Open coding is conceptualizing on the first level of abstraction to break down the data into segments in order to interpret them (Corbin & Strauss, 1990). Interview transcriptions were transferred to Excel files and conceptualized line by line. Specific interview questions were isolated and collectively organized from all responses to review on a spreadsheet. To identify themes, the present study was utilized number-coding and color-coding techniques.
(Miles & Huberman, 1994). Data --words, phrases, sentences, and paragraphs --were analyzed to identify themes, patterns, and categories through the coding process. This process allowed the definition of valid meanings of data and determination of sub-themes and themes (Esterberg, 2002).

The Stage of Growth model (Rostow, 1960) and the VRIO framework (Barney, 1995) served to guide the sorting of data and identification of emergent themes. The purpose of the conceptual and thematic interpretations under investigation assisted in understanding this phenomenon (Sandelowski & Barroso, 2003). Emergent themes were eliminated from the themes lists, if the theme was: (1) stated less than three times, and (2) irrelevant to the research and interview questions. The constant comparison approach was utilized to identify sufficient themes to cover the entire dataset (Strauss & Corbin, 1998; McMillan & Schumacher, 2010). These emerging themes were continuously added and refined through a constant comparison process and reliability checking process (See Appendix D).

Finally, the axial coding process was utilized. Axial coding process is defined as “a set of procedures whereby data are put back together in new ways after open coding, by making connections between categories (Strauss & Corbin, 1990, p.96).” During the axial coding processes, the relationships among the themes, patterns, and categories were explored and utilized to descriptively organize and identify emergent patterns in keeping with the interview questions (Strauss & Corbin, 1990). The emergence of key concepts, themes, and patterns were utilized to frame small apparel retailers’ dynamic performance and the current apparel retailing environment in Vietnam.

To obtain integrity and trustworthiness of the data, the researcher took several measurements. First, the researcher discussed the coding guidelines with the major advisor to
refine the relationships and meanings of data codes throughout the coding process. Next, a second coder participated in auditing the application of the coding dataset. An additional coder was a fellow graduate student, who has proficient experience in conducting qualitative data analysis. The primary researcher conducted a verification coding process with a second coder. The inter-rater reliability agreement is calculated by total number of agreements times two divided by the total number of coding decisions (McMillan & Schumacher, 2010). The formula is depicted as follows. All disagreements in decision-making were negotiated between the researcher and the second coder. To increase reliability, inter-coder agreement was continuously modified until the agreement exceeded 90 percent. Finally, the resulting inter-rater reliability of the entire data set was 91.9 percent.

\[
\frac{2 \times \text{number of agreements}}{\text{(number of codes assigned by the researcher + number of codes assigned by a second coder)}}
\]
CHAPTER 4. RESULTS

This chapter reports the results and findings from the study, including demographic characteristics of the sample, descriptive statistics related to the research questions, and more in-depth discussion of emergent themes from the qualitative analysis. The chapter begins with a description of the participants. Following this is a report of the results and findings from the paper-based surveys and one-on-one interviews. Quantitative and qualitative data are incorporated to analyze the dynamic business performance of small entrepreneurs from the domestic Vietnamese apparel retail market.

Overview of Participants

The demographic characteristics of the sample are summarized in Table 4.1. Participants in the study included 13 small business owners who engaged in apparel retailing in HCMC of Vietnam. The majority of participants were female (62%) and the ages of participants ranged from 24 to 58 with an average age of 34.77 years. All of the participants independently owned a small-sized firm and the mean years of business operation of participants was 7.11, and the range was between 3 and 18 years. Therefore, all satisfied the criteria for participant selection established for the study, included (1) engaged in a domestic retailing business; (2) classified as a small business; (3) categorized as an independently-owned business; (4) engaged in the business for more than three years; and (5) a willingness to take part in this study. Interviewee specific business profiles are shown in table 4.2.

The average number of stores operated by respondents was 1.62, and ranged from one to four. The majority of respondents (54%) operated a single apparel retail store. Most respondents had received college degrees (47%). Nearly one-seventh of the respondents (15%) had attended some college. Less than 23 percent had only high school graduate degrees. The rest of the
respondents (15%) had received less than a high school degree. The vast majority of respondents (92%) had received start-up funds from their private money. Only eight percent of participants reported they had received start-up funds from supporting family and friends.

The mean number of full-time employees was 2.69, with the range being from 1 to 7. Most respondents (46%) had two part-time employees in their businesses. Approximately, a third of the respondents reported annual sales volume in the fiscal year of 2013 to be under $20,000. Approximately 23 percent of participants reported a sales volume in the fiscal year of 2013 between $80,000 and $99,999. Otherwise, most of the respondents (30%) reported a sales volume which ranged from $20,000 to $59,999 in the fiscal year 2013. Finally, the remaining 15 percent of the participants reported over $100,000 of an annual sales volume in 2013.

Table 4.1.
Descriptive Statistics of Sample Characteristics

<table>
<thead>
<tr>
<th>Demographic Characteristics</th>
<th>Frequency</th>
<th>%</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owner of the business</td>
<td>13</td>
<td>100</td>
<td>34.77</td>
<td>9.08</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20s</td>
<td>3</td>
<td>23</td>
<td></td>
<td></td>
</tr>
<tr>
<td>30s</td>
<td>7</td>
<td>54</td>
<td></td>
<td></td>
</tr>
<tr>
<td>40s</td>
<td>2</td>
<td>15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>50s</td>
<td>1</td>
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</tr>
<tr>
<td>Gender</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>5</td>
<td>38</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>8</td>
<td>62</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than high school</td>
<td>2</td>
<td>15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>High school graduate</td>
<td>3</td>
<td>23</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Some college</td>
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<td>15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>College graduate</td>
<td>6</td>
<td>47</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Years of Business operation</td>
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<td></td>
<td>7.11</td>
<td>5.14</td>
</tr>
<tr>
<td>3 - 5</td>
<td>7</td>
<td>54</td>
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<td></td>
</tr>
<tr>
<td>6 - 8</td>
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</table>
Table 4.1. (Continued)

<table>
<thead>
<tr>
<th>Demographic Characteristics</th>
<th>Frequency</th>
<th>%</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of stores</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9 - 11</td>
<td>1</td>
<td>8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>over 12</td>
<td>3</td>
<td>23</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Source of start-up funds</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal funds</td>
<td>12</td>
<td>92</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Family/Friends supports</td>
<td>1</td>
<td>8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Full time</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>1 – 5</td>
<td>12</td>
<td>92</td>
<td></td>
<td></td>
</tr>
<tr>
<td>over 6</td>
<td>1</td>
<td>8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Part time</td>
<td></td>
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<td></td>
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<tr>
<td>0</td>
<td>5</td>
<td>38</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>1</td>
<td>8</td>
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<tr>
<td>2</td>
<td>6</td>
<td>46</td>
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<td></td>
</tr>
<tr>
<td>3</td>
<td>1</td>
<td>8</td>
<td></td>
<td></td>
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<tr>
<td>Sales volume in fiscal 2013</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>under $20,000</td>
<td>4</td>
<td>31</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$20,000 - 39,999</td>
<td>2</td>
<td>15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$40,000 - 59,999</td>
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<td>15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$60,000 - 79,999</td>
<td>0</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$80,000 - 99,999</td>
<td>3</td>
<td>23</td>
<td></td>
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<td>over $100,000</td>
<td>2</td>
<td>15</td>
<td></td>
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</tbody>
</table>

*Note: N=13*
Table 4.2.
Profiles of the Domestic Vietnamese Small Business Entrepreneurs Interviewed

<table>
<thead>
<tr>
<th>Participants</th>
<th>Gender</th>
<th>Age</th>
<th>Type of Business</th>
<th>Years in Business</th>
<th>Number of Employees</th>
<th>Number of Stores</th>
</tr>
</thead>
<tbody>
<tr>
<td>VE2</td>
<td>Female</td>
<td>40s</td>
<td>Retail: Apparel</td>
<td>7</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>VE3</td>
<td>Female</td>
<td>30s</td>
<td>Retail: Apparel</td>
<td>3.5</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>VE4</td>
<td>Male</td>
<td>30s</td>
<td>Retail: Apparel</td>
<td>6</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>VE5</td>
<td>Male</td>
<td>30s</td>
<td>Retail: Apparel</td>
<td>3</td>
<td>2</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Wholesale: Apparel</td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>VE6</td>
<td>Female</td>
<td>30s</td>
<td>Retail: Apparel</td>
<td>3</td>
<td>7</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Manufacture: Apparel</td>
<td></td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>VE7</td>
<td>Female</td>
<td>20s</td>
<td>Retail: Apparel</td>
<td>3</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>VE8</td>
<td>Female</td>
<td>40s</td>
<td>Retail: Apparel</td>
<td>13</td>
<td>2</td>
<td>N/A</td>
</tr>
<tr>
<td>VE9</td>
<td>Female</td>
<td>50s</td>
<td>Retail: Apparel</td>
<td>18</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Wholesale: Apparel</td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>VE10</td>
<td>Male</td>
<td>20s</td>
<td>Retail: Apparel</td>
<td>4</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>VE11</td>
<td>Male</td>
<td>20s</td>
<td>Retail: Apparel and</td>
<td>3</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Cosmetic</td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>VE12</td>
<td>Female</td>
<td>30s</td>
<td>Retail: Apparel</td>
<td>4</td>
<td>2</td>
<td>N/A</td>
</tr>
<tr>
<td>VE13</td>
<td>Male</td>
<td>30s</td>
<td>Retail: Apparel</td>
<td>14</td>
<td>4</td>
<td>N/A</td>
</tr>
<tr>
<td>VE14</td>
<td>Female</td>
<td>30s</td>
<td>Retail: Apparel</td>
<td>11</td>
<td>3</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Main Findings and Discussions

The conceptual framework helps connect the research goal and data analysis (Greene, Caracelli, & Graham, 1989). From the Stage of Growth model (Rostow, 1960) and the VRIO framework (Barney, 1995) along with relevant literature, a conceptual framework was developed for the present study (refer to Figure 2.6). Through the data coding process, including open coding, constant comparison, and axial coding, the final version of themes were identified to making linkages between theoretical frameworks and emerging themes, categories, and subcategories. The frameworks provided guidance to refine emerging themes to fit into the
conceptual framework in the reporting of results and to assure a logical flow (Corbin & Strauss, 1990; Maxwell, 2009).

Evaluation of Opportunities and Challenges for Small Apparel Retailing Business Owners in Vietnam’s Marketplace

Using a theory in a qualitative study allows the researcher to identify value of specific situations or people for study (Cresswell, 2009; Maxwell, 2005). In addition, an appropriate theory helps to prevent potential threats to validity in a data analysis (Maxwell, 2009). Therefore, the present study was evaluated key determinants resources to identify opportunities and challenges of small business in the Vietnamese apparel retail market. The key determinants resources were extracted from the VRIO framework (Barney, 1995) and the Stage of Growth Model (Rostow, 1960). With respect to sustained competitive advantages for the domestic Vietnamese small-scale apparel retailers, key determinants pertained to capital resources, human resources, technology and transportation infrastructures, and apparel consumption. Major and sub-themes were generated when participants identified varying types of resources and capabilities of their stores influenced the retail business operations in Vietnam’s apparel retail market.

Limited Access to Financial Resources

Access to capital resources is a very significant factor for small business entrepreneurs. However, domestic Vietnamese apparel retailers who are operating small-sized stores face the biggest difficulties in business operation due to lack of reliable financial resources. Table 4.1 shows that 92 percent of the respondents have accessed start-up business funds from private money. The other 8 percent of participants obtained initial business capital from their personal networks, including using family support and borrowing money from friends. This result
indicated that the most domestic Vietnamese apparel retailers are reliant upon internal funds resources and social relationships to obtain the required start-up capital resource.

According to participant VE 10, the bank loan procedures are quite complicated, costly, and time consuming. Generally, small business entrepreneurs in Vietnam have more credit constraints to obtain bank loans than medium and large firms (Le, 2012). Participant VE 11’s statement supported that small business owners have problems accessing external funds due to needing substantial credits and interest, because the Vietnamese official credit system lacks transparency and because credits are largely allocated to SOEs and large firms (Cortés & Berggren, 2001). The Asian Development Bank (2009) reported that less than 7 percent of small firms in Vietnam required start-up capital from bank loans. In addition, smaller entrepreneurs have less information about external capital resources and their credit history. For the granting of credit, Vietnamese banks require substantial collateral (Le, 2012). For these reasons, the source of capital is limited for small entrepreneurs in Vietnam, as well as their need to take full advantage of private capital or retained earnings. Therefore, many small business entrepreneurs are facing substantial financial problems as reflected in the following quotes:

I could access the start-up funds from my own money. … It is too complicated to get bank loans and high interest rates in Vietnam. … When I need extra money to operate my business, I usually get aid from family or friends (VE 10, owner of an apparel retail store).

It is very hard to access external financial resources from banks in Vietnam. They require substantial credits and interest. … I do not have a good level of credit. So, I have limited access to financial resources (VE 11, owner of an apparel and apparel related retailing store).

**High operating costs.** Small business owners who were interviewed for this study were highly concerned about the operating costs, because operating costs in the domestic Vietnamese apparel retail market are relatively high. Table 4.3 demonstrates how domestic Vietnamese
apparel retailers were evaluated by operating costs at the business operations. Paper-based survey results indicated the domestic apparel retailers have evaluated the cost of renting a location at the highest level (mean 3.62). The responses from participants VE 7 and VE 13 supported the theme that domestic small business owners in the Vietnamese apparel retail market face the most difficulties in terms of high rental costs.

The cost, such as labor and rental fees, is higher than the annual budget. If I cannot access funds properly, it might be hard to run my business (VE 7, an owner of apparel retailing store).

The most difficulty now is the relatively high rental cost. The current consumption is not good while the rental cost for the location has occupied about 50-70% of profit (VE 13, owner of an apparel retail store).

Table 4.3.

<table>
<thead>
<tr>
<th>Factors</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost to open a store</td>
<td>3.23</td>
<td>1.17</td>
</tr>
<tr>
<td>Renting (Location)</td>
<td>3.62</td>
<td>0.87</td>
</tr>
<tr>
<td>Fixture and decoration</td>
<td>3.00</td>
<td>0.91</td>
</tr>
<tr>
<td>Advertising and promotion</td>
<td>3.31</td>
<td>1.25</td>
</tr>
<tr>
<td>Inventory costs</td>
<td>1.92</td>
<td>1.04</td>
</tr>
<tr>
<td>Transportation costs</td>
<td>2.00</td>
<td>0.91</td>
</tr>
<tr>
<td>Labor costs</td>
<td>3.00</td>
<td>0.82</td>
</tr>
<tr>
<td>Interest rate on loan</td>
<td>1.62</td>
<td>1.04</td>
</tr>
<tr>
<td>Buying goods</td>
<td>2.69</td>
<td>1.11</td>
</tr>
<tr>
<td>Cost from shoplifting</td>
<td>1.85</td>
<td>0.80</td>
</tr>
</tbody>
</table>

Note. Values based on five-point Likert-type scale, 1 = very low, 5 = very high

The cost of renting a location is the highest operating cost in the Vietnamese apparel retailing market, following other factors also accounted for in businesses’ high operating costs, such as advertising and promotion (mean 3.31), the cost of opening a store (mean 3.23), fixtures and decorations (mean 3.00), and labor costs (mean 3.00). Participants evaluated other business
operating costs, such as buying goods (mean 2.69), transportation costs (mean 2.00), inventory costs (mean 1.92), costs from shoplifting (mean 1.85), and interest rates on loans (mean 1.62), at either moderately or significantly lower levels.

**Lack of governmental support.** In developed countries, small business sectors are supported by the government and/or a range of institutions. For example, banks in developed countries are dedicated to helping small business owners to clear bankruptcy laws and support strong industry associations (Thuy & Ruwitch, 2011). In addition, the country of China, the government aggressively supported financial subsidies and provided new information technology (IT) to local Chinese retailers in order to improve small firm’s performances in the retailing industry (Maruyama & Trung, 2012). However, to date, domestic Vietnamese entrepreneurs have received relatively little supports from government or business assistance organizations.

The emergent theme “lack of government supports,” all participants in this study strongly affirmed they have not received any kind of governmental support, despite the fact that Vietnam’s government operating Agency for SME Development (ASMED) service under the Ministry of Planning (MPI) outlined a broader range of SMEs policies (Taussig, 2005). As a result, a number of domestic Vietnamese small business entrepreneurs are facing numerous difficulties. For example, participant VE 7 asserted that there is no evidence of any business having received government support for small business entrepreneurs in Vietnam’s apparel retail market. Superficially, Vietnam’s government says that it supports SMEs, but their actions do not indicate supportive policies. For instance, participant VE 10 conveyed that Vietnam’s government plays a passive role in supporting small business sectors. As a result, the domestic
small business owners are facing difficulties in accessing information about how to get government support.

It is impossible to receive governmental support for small entrepreneurs, like me. … As long as there has been governmental support, there is nobody getting governmental support around me (VE 7, an apparel retail store owner).

I do not know how I can access information to get governmental support. … I think the Vietnamese government does not have enough money to support small entrepreneurs (VE 10, an apparel retail store owner).

**Lack of Reliable Human Resources**

Human resources of a firm are an important source of sustained competitive advantage in the marketplace (Barney, 1991; Barney & Hesterly, 2010). A “human resource” is defined as a firm’s ability to be responsible for personnel sourcing and hiring, applicant tracking, skills development and tracking, benefits administration, and compliance with associated government regulations in this study. The major theme “lack of reliable human resources” emerged when participants described how the domestic Vietnamese small business entrepreneurs use the beneficial abundance of manpower. For example, VE 2 and VE 14 demonstrated the domestic small business entrepreneurs have a hard time finding qualified employees in Vietnam due to a lack of skilled workers. Furthermore, small business entrepreneurs in the Vietnamese apparel retail market should pay higher salaries to qualified employees. Based on this major theme, two sub-themes emerged with regards to the labor market situation in Vietnam, including “recruiting employees informally,” and “labor costs on the rise.”

Big enterprises have already set up their own human resources management system; therefore, each employee’s duties are fit into specific functions. For example, sales staffs are only in charge of selling products, and then they transfer the money to and leave the calculation job for accountants. … But in a small businesses like mine, each store owner just needs a small number of staff members (1~ 3 people) who are able to handle all of the necessary duties. Therefore, it is really difficult to find a qualified and suitable one.
The salary for an employee like that is relatively high, about 3.5 million VND (= equivalent to about $170) (VE 2, owner of an apparel retail store).

Although there are lots of unemployed people around, it’s not easy to find suitable ones. … In order to get qualified employees, I have to pay 20% higher than the market salary. For example, the market salary is 4 million VND (= equivalent to about $200), I have to pay about 5 to 6 million for a qualified staff member (= equivalent to about $250 to $300) (VE 14, an owner of apparel retail store).

According to participants’ responses, the domestic Vietnamese small business owners require employees to handle all necessary duties. However, in nearly all cases, employees are untrained before they are employed. For example, employees lack understanding of products or social knowledge, and are not familiar with stores’ facilities. None of the participants provided specific training program for employees, but they informally trained new employees to follow the basics of store policies, sales skills, and products’ information.

Table 4.4.

Manpower Shortage in the Vietnamese Apparel Retail Market

<table>
<thead>
<tr>
<th>Factors</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planning and strategy</td>
<td>2.62</td>
<td>1.19</td>
</tr>
<tr>
<td>Manager at middle level (store managers)</td>
<td>2.23</td>
<td>0.93</td>
</tr>
<tr>
<td>Cash management</td>
<td>2.69</td>
<td>0.75</td>
</tr>
<tr>
<td>Inventory control</td>
<td>2.38</td>
<td>0.77</td>
</tr>
<tr>
<td>Purchasing and sourcing</td>
<td>3.46</td>
<td>1.20</td>
</tr>
<tr>
<td>Selling and promotion</td>
<td>2.46</td>
<td>1.20</td>
</tr>
<tr>
<td>Sales staff</td>
<td>2.61</td>
<td>0.77</td>
</tr>
</tbody>
</table>

*Note. Values based on five-point Likert-type scale, 1 = very shortage, 5 = very abundant*

In addition, participants reported that they faced difficulties in manpower shortage in retail operations (Table 4.4). Specifically, personnel shortages of store managers at the middle level were probably the most crucial issue for the domestic Vietnamese small business owners in
the apparel retail industry (mean 2.23). Further, the business owners have difficulties in obtaining staffs for inventory management (mean 2.38), selling and promotion (mean 2.46), and sales staffs (mean 2.61, respectively), while obtaining employees for purchasing and sourcing management was not difficult for the small-scale apparel retailers in Vietnam (mean 3.46).

**Recruiting employees informally.** Small business entrepreneurs often do not have enough staff or an adequate budget to properly manage human resources. Therefore, many small business owners are relying on outsourcing to meet their human resource needs. The theme of “informally recruiting employees” was identified when the participants explained recruiting systems in their retail businesses. According to participants’ responses, the Ministry of Labor in Vietnam is responsible for state administration on labor, employment, occupational safety, and vocational training. Though the Vietnamese Ministry of Labor provides Labor Center Service introduces new employees to the domestic Vietnamese firms, most participants in this study did not use this Labor Center Service, since the Labor Center Service provides less trustful workers and untrained employees for the domestic Vietnamese apparel retail business owners. For example, participants VE 4 mentioned that he/she could not find trustful staff members from Labor Center Service, as the Labor Center is not an organized recruiting system. VE 13 also said that it was hard to find qualified workers from the Labor Center Service.

I don’t use services from the labor center because I don’t trust them. … I think the labor centers don’t have a good system in recruiting, so I can’t find the proper staff from them (VE 4, an apparel retail store owner).

I prefer employees who have experience in sales through friend’s recommendation but not through labor service centers. … Because of, most of the employees from labor service center are inexperienced (VE 13, owner of an apparel retail store).

All of respondents in this study mentioned that they are relying on recruiting new employees by recommendations from friends or relatives in hiring qualified staff members. The
referral of new employees from friends or relatives is a prevalent recruiting system in Vietnam. For instance, VE 2 reported that he/she preferred new employees to be obtained by referral from friends or cousins as it helps in hiring honest and trustworthy staff. In addition, VE 3 and VE 10 also said that personal background and personality were important factors when they are considering recruiting a new employee. Therefore, they were relying on recommendations from friends or relatives.

A high school educated employee is enough for me. The most important thing is how I feel about their honesty/ integrity and agility. … So, I ask for recommendations from friends and relatives because I require great trust. It is because I might let her manage the whole store by herself in the future (VE 2, an apparel retail store owner).

I ask for recommendations from friends, because it’s difficult to control my products, such as fabrics and other materials. So, I don’t want to hire anyone without knowing their background (VE 3, an apparel retail store owner).

Personal morality and personality are very important factors in recruiting a new employee. … I always ask my friends or cousins to find trustful and reliable employees (VE 10, an apparel retail store owner).

**Labor costs on the rise.** The country of Vietnam was well known for its abundant labor force, which once served as a competitive advantage relative to its rivals, especially in manufacturing sectors (KPMG, 2011). More specifically, cheaper labor costs in Vietnam were an important factor in sustaining a competitive advantage over the country’s competitors (Hsieh et al., 2004). In Vietnam, full-time retail market sales workers earn lower wages than full-time workers in manufacturing sectors, such as apparel manufacturing companies (General Statistics Office of Vietnam, 2013f; Egan, 2012). The theme “labor costs on the rise” emerged when the researcher asked if these labor market situations provide opportunities to small business entrepreneurs in Vietnam’s apparel retail market. Table 4.2 also showed that labor cost is ranked as one of the high operating costs for domestic Vietnamese apparel retail store owners. In addition, participants VE 6 explained labor costs are no longer cheap in Vietnam. Labor costs in
Vietnam are constantly increasing, making it harder to operate businesses in the Vietnamese apparel retailing marketplace. VE 7 also reported that the country of Vietnam no longer has a competitive advantage for cheaper labor costs.

At present, the labor cost in Vietnam is moderate, not cheap anymore… Due to increasing labor costs in Vietnam, I am spending more money on salary compared to previous years (VE 6, an apparel retail store owner and an owner of apparel manufacturing factory).

Vietnam has no competitive advantage of cheaper labor costs any longer. … The labor market situation is not greatly influenced by small entrepreneurs and provides no opportunities for me (VE 7, owner of an apparel retail store).

**Need Further Development of Transportation Infrastructure**

Transportation infrastructure is an important factor in increasing product accessibility and decreasing operating costs. Therefore, logistics management for retailers is a key determinant to sustained competitive advantages in the marketplace (Fernie et al., 2000; Kotzab & Teller, 2005; Pache, 1998). The country of Vietnam faced several challenges in regard to poor transportation infrastructures (A.T. Kearney, 2011b). Poor quality of transportation infrastructures and high logistical costs deteriorated to the efficiency of retail expansion in Vietnam (A.T. Kearney, 2011b; Maruyama & Trung, 2012).

Nguyen et al. (2009) argued the pivotal role of the Vietnamese government was to encourage the growth of SMEs sector through creation of entrepreneurial environment and resource infrastructure. Vietnam’s government has contributed to the development of transportation infrastructure, which served as extremely important role in the socio-economic aspects of the country’s economy (Vu, 2011). For instance, participant VE 2 mentioned that the transportation infrastructure in Vietnam has developed drastically. Respondent VE 6 also mentioned that the transportation infrastructure has improved much, especially involving the road networks.
Compared to few years ago, the current transportation infrastructure is quite good. … As time goes by, the transportation infrastructure continues to develop (VE 2, an apparel retail store owner).

In regard to the transportation infrastructure in Vietnam, the road network infrastructure has been improved much since I started up my business 3 years ago. … I think it still needs further development of other sectors of transportation infrastructure, such as railway (VE 6, an apparel retail store owner and an owner of apparel manufacturing factory).

Despite governmental supports to improve the transportation infrastructure in Vietnam, most domestic small business owners in the apparel retail market addressed a delay in delivery of products and raw materials by traffic jams caused by a deteriorated current transportation infrastructure (Egan, 2012). The theme of ‘need further development of transportation infrastructure’ was identified when interview participants described the current transportation infrastructure in Vietnam. For example, VE 11 supported the theme that traffic jams have occurred as a result of a complicated and poor current transportation infrastructure in Vietnam. In addition, participants VE 13 and VE 14 also mentioned that traffic jams are serious problems for small business owners, although the current transportation infrastructure has improved, because of the transportation infrastructure attributed to logistical management for the small business entrepreneurs in the Vietnamese apparel retail market.

The current transportation infrastructure is still too complicated and terrible. … The government is focused on developing road system just outside of HCMC, such as highway and expressway. … Traffic jams is serious problem in HCMC cause of deteriorated and narrow roads infrastructure (VE 11, an owner of apparel retail store).

Even though transportation infrastructure is much improved in Ho Chi Minh City in recent years, I think the traffic jam is still a serious problem (VE 13, owner of an apparel retail store).

I think the transportation infrastructure in Vietnam has been improved. … However, if people continue using their private transportation vehicles in the current situation, the
traffic jam problem can’t be solved no matter how many streets or bridges are built (VE 14, an owner of apparel retail store).

**Development of transportation infrastructure contributed to retail operations.** The literature supports that transportation infrastructure improvement has impacts on reducing the transport and logistical costs (Mu & Walle, 2011; Vu, 2011). Therefore, efficient transport networks are the backbone of sustained competitive advantages for small business entrepreneurs in Vietnam’s apparel retail market. The sub-theme ‘development of transportation infrastructure contributed to retail operations’ was identified when interview participants explained how the transportation infrastructure contributes to their business as far as the opportunities and capabilities are concerned. Participant VE 3 reported that the current Vietnamese transportation system allowed access faster to resources, such as products and materials. Respondents VE 7 and VE 8 said that the transportation improvement in Vietnam has contributed to market accessibility for consumers. Domestic Vietnamese apparel retailers can thereby obtain opportunities through the development of transportation infrastructure.

Due to the development of the transportation infrastructure, we can reduce the time for delivering our goods, such as fabrics and materials from suppliers to make our products (VE 3, owner of an apparel retail business).

My store is located in the center of city. … Customers always stop by my store to buy clothing. … The transportation infrastructure is gradually developing in Vietnam. … So, I think it might be helpful to my business. … Because, consumers can easily access to my store and save their time come to my store (VE 7, an apparel retail business owner).

I think it might be opportunities for my business, because consumers can easily reach my store by motorbike, as well as they feel convenient to stop by my store and save their shopping time coming to my store (VE 8, an apparel retail store owner).

In improving the transportation infrastructure, the domestic small business entrepreneurs in Vietnam’s apparel retail marketplace have encountered few difficulties related
to logistical management. Table 4.5 reflects problems that the domestic Vietnamese apparel retailers are confronted with in logistical management. Respondents have evaluated all four checklist elements related to transport- and stock-related logistics. The descriptive statistical results show that the domestic Vietnamese apparel retailers confronted logistical management problems at fairly low levels, such as in planning and strategy in logistical management (mean 2.54), transportation costs (mean 2.31), delay on delivery products (mean 2.23), and inventory costs (mean 1.85).

Table 4.5.

Problems the Domestic Vietnamese Apparel Retailers Faced in Logistic Management

<table>
<thead>
<tr>
<th>Factors</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inventory costs</td>
<td>1.85</td>
<td>1.14</td>
</tr>
<tr>
<td>Planning and strategy</td>
<td>2.54</td>
<td>1.20</td>
</tr>
<tr>
<td>Transportation costs</td>
<td>2.31</td>
<td>0.95</td>
</tr>
<tr>
<td>Delay on delivery of products</td>
<td>2.23</td>
<td>1.30</td>
</tr>
</tbody>
</table>

*Note. Values based on five-point Likert-type scale, 1 = very low, 5 = very high*

**Use of Technology in Retail Operations**

Retailing requires substantial technology-intensive activities to meet market demands (Dicken, 1998; Kumar, 1997). Technology is a crucial determinant in retail operation to sustain a competitive advantage in the marketplace (Dahlam et al., 1987; Hoffman et al., 1998). Hence, retailers have continuously upgraded technology to improve its competitiveness in the marketplace (Dicken, 1998). “Technology” in this study implies the application of knowledge with use of machinery and equipment in retail operation. Technology is also designed for understanding customers’ profiles and offering customer services. The theme “use of technology in retail operation” was indicated when participants addressed adapted technology to control and manage their retail businesses.
According to participants’ responses (Table 4.6), the main retail technologies domestic Vietnamese small-sized apparel retailers used in their retail operations were telephones (mean 3.85) and computers (mean 3.32, respectively). The business transactions were frequently conducted over the telephone with suppliers and consumers. For example, participant VE 2 mentioned that retail technologies (telephone and computer) have contributed to employment in planning and management in the business operations. In addition, VE 11 said that computer systems and telephones are the most frequently used retail technologies in the store.

I use phone, laptop, email, and other communication applications on phone, such as Viber and Zalo, for contacting with my suppliers and customers. … Those devices aid to my business a lot. For example, when the new models are available, I can get their pictures and information in just 5 minutes from the suppliers. … Then I can forward this information to my customers who are some small shops in Ha Noi and immediately receive orders from them (VE 2, an apparel retail store owner).

My business is significantly relying on computer system, including Internet and computer management system. … I also use telephone a lot when I make orders to suppliers and my staffs (VE 11, an owner of apparel retail store).

Table 4.6.

Kinds of Technology Used in Retail Operation for the Domestic Vietnamese small-sized Apparel Retailers

<table>
<thead>
<tr>
<th>Factors</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Telephone</td>
<td>3.85</td>
<td>0.80</td>
</tr>
<tr>
<td>Computer system for control and planning</td>
<td>3.31</td>
<td>1.55</td>
</tr>
<tr>
<td>Facsimile</td>
<td>1.23</td>
<td>0.60</td>
</tr>
<tr>
<td>Camera system</td>
<td>2.23</td>
<td>1.69</td>
</tr>
<tr>
<td>Point-of-sale (POS) system</td>
<td>1.62</td>
<td>1.33</td>
</tr>
<tr>
<td>Online e-mail order</td>
<td>2.69</td>
<td>1.75</td>
</tr>
<tr>
<td>Customer reward point card</td>
<td>1.77</td>
<td>1.09</td>
</tr>
<tr>
<td>Electronic Data Interchange (EDI) system</td>
<td>1.15</td>
<td>0.38</td>
</tr>
</tbody>
</table>

Note. Values based on five-point Likert-type scale, 1 = not used at all, 5 = very high level of usage
As shown above, many domestic small-sized apparel retailers in Vietnam use retail technologies to manage their stores. However, many domestic Vietnamese small-sized apparel retailers are rarely equipped with modern technology systems, such as a point-of-sales (POS) system (mean 1.62), an electronic data interchange (EDI) system (mean 1.15), and a camera system (mean 2.23); the reason is that many small-sized apparel retail store owners continue to use the same technology systems used by traditional retailers due to their simplicity and the low-cost retail technology in their business operations. For example, VE 7 addressed that he/she can control all business management with simple and low-cost retail technology, such as telephones.

In contrast, some of apparel retailers in Vietnam’s domestic market adopted modern technologies for controlling their stores’ system and reporting point-of-sales. For example, participant VE 4 stated that modern information technology (IT) system, such as a POS system, was incorporated into the organizational system.

I just use telephone for all business operations. … I prefer a simple and easy way for my business (VE 7, owner of an apparel retail store).

I use telephone, camera system, and internet. Besides, I also use a POS system for scanning barcode, controlling the inventory and sales …. It helps a lot in terms of management. … You know, I cannot stay at my stores, always. However, I can control all management with a POS system even though I was in the other place. It is easy to track sales and inventory of my stores from long distances (VE 4, an owner of apparel retail stores).

**Increasing demand on e-commerce.** According to Dunning (1993), the development of a technology infrastructure can enhance firms’ productivity thereby allowing the firm to obtain competitive advantages in the marketplace. The fast development of technology infrastructures, such as telecommunications and Internet, accelerated to produce a boom of online markets in Vietnam. Vietnam’s online market has rapidly grown and it becoming popular with Vietnamese consumers, especially office workers and students in the urban areas (Ministry of Industry and
Trade, 2009). This market condition provided an excellent opportunity for the domestic small-sized retailers with technological infrastructures and services to gain a good market share in Vietnam’s apparel retail marketplace (Costello et al., 2010). Therefore, the domestic Vietnamese small-sized apparel retailers are interested in e-commerce, because it can help them improve their business processes, reduce costs, and achieve a closer relationship with their customers.

“E-commerce” in this study, defined as simply buying and selling products through electronic systems, involves a variety of pre- and post-sales performance, such as advertising and enhancing business relationships and communication (Zwass, 1996). The theme “increasing demand of e-commerce” emerged when participants identified how this on-line and/or social media networking aids in business development. Recently, many domestic Vietnamese SMEs are operating online stores to set up virtual shops as an inexpensive method to advertise their products to consumers (Euromonitor International, 2011).

In addition, Social Network Services (SNS), such as Facebook, recently have gained appeal to many Vietnamese young consumers. Therefore, these network channels are incorporated into retail operations for the domestic Vietnamese apparel retailers (Ministry of Industry and Trade, 2009). For example, participant VE 6 reported that the e-commerce market in Vietnam continues to expand and promote apparel retailers advertising and selling of products through social network service (SNS), including Facebook. According to participants VE 6 and VE 11, Facebook is the most popular SNS among young Vietnamese consumers. Therefore, many small-sized apparel retailers are operating SNSs in order to keep a closer relationship with their customers. Participant VE 10 also supported that online store has brought benefits to the store’s improvement of business management and reduction of operating costs for the retail operations.
E-commerce has gradually developed and become popular with Vietnamese consumers. Many Vietnamese retail companies operating their online business… I use social networking services, such as Facebook. Since Facebook is the popular social network system in Vietnam (VE 6, an apparel retail store owner and an owner of apparel manufacturing factory).

I have an online store. … Online store is another format of my business. I mean this format does not require high operating costs, such as rental fees and salary. … Technology infrastructure in Vietnam is developing so rapidly, such as Internet, smartphone, and tablet PC. … Consumers can conveniently access my online store by searching my apparel products without visiting my store. This online store aids to increasing my sales (VE 10, an apparel retail store owner).

You know, Facebook is the most popular format of social networking service in Vietnam. … So, doing business through Facebook, this is strongly supportive business format in Vietnam. … A number of young generations are used to high-end technology (VE 11, an owner of apparel retail store).

However, some domestic Vietnamese small business owners in apparel retail market are confronted with barriers to expanding to online market. For example, VE 2 and VE 8 identified that small business owners in Vietnam limited control over their online business environment, due to lack of staff in specialized areas such as information technology (IT) and multi-functional management. Participant VE 5 reported that it was time-consuming work to manage an online store. As a result, domestic Vietnamese apparel retailers should adapt to IT in their management to survive from severe e-commerce market competition (RNCOS, 2008).

I want to develop further my online store. But I don’t have enough manpower for this. … It requires someone to follow up, update the product’s pictures and information as much as possible. I can’t handle both managing for the current store and the online store only by myself (VE 2, owner of an apparel retail store).

Online store is popular format in the current Vietnamese marketplace. … I operated an online store, before. … However, I did not have enough time to manage it and my company was lacking manpower at that time. … I want to re-open an online store again in the near future (VE 8, an apparel retail store owner).
Previously, I had an online store. … But it took me lots of time for controlling the online store. So I stopped to running it. … I think it’s not good to wait for customers to come passively; I want to bring my products to them INITIATIVELY (VE 5, owner of an apparel retail store and a wholesaler).

**Economic Condition Influence on Apparel Consumption**

Vietnam’s fast growing economy can be contributed to increasing household income (Nilan, 1999). The increasing household income supported brand perception for the Vietnamese consumers with purchasing power and discretionary tastes in consumer values (Nilan, 1999; Binh & Terry, 2011). Therefore, changes in Vietnam’s economic conditions contributed to increasing apparel consumption levels (Maruyama & Trung, 2012; Penz & Kirchler, 2012; Shultz, Pecotich, & Le, 1994). However, the global economic recession in 2008 heavily impacted Vietnam’s economy. As a consequence of the world economic recession, nearly 10,000 Vietnamese small firms stopped business operations in 2008 (Phouc, 2009). In addition, the global economic recession more seriously influenced a decrease in domestic demand and higher unemployment to the country of Vietnam’s economy (Asian Development Bank, 2009).

The theme “economic condition influence on apparel consumption” was identified when participants in this study demonstrated what factors are influenced by Vietnam’s apparel consumption. Many respondents to the present study recognized the impact of economic situations on the stores’ sales. For example, respondent VE 5 mentioned that Vietnam’s bad economic conditions attributed to the recent decline in apparel sales. According to VE 11, during economic downturn, consumers have spent less money to purchase apparel and apparel-related items. Finally, VE 13 also agreed that the bad economic condition in Vietnam had declined the sales nearly one-half compared to the fiscal year of 2013. Therefore, VE 5 said that apparel retailers often offered special prices for loyal customers to maintain the retail business.
The economic downturn causes lower or unstable incomes, therefore consumers limit their buying habits and consumption. … The economic downturn in recent years has led to the decreasing consumption over years. … I have to buy goods at a higher price but have to sell at a lower price to maintain the number of customers (VE 5, owner of an apparel retail store and a wholesale retail store).

Economic condition influences apparel consumption. … When economy is in a downturn, consumers usually spend less money on apparel consumption (VE 11, an owner of apparel retail store).

But the business situation in the past two has changed significantly. … Due to the economic downturn, the consumption has decreased by nearly half compared to previous years. … In this difficult economic situation, people’s income has been less and it totally affects my business (VE 13, owner of an apparel retail store).

**Increasing consumer demand on high-quality of apparel products with lower price.**

The theme “increasing consumer demand on high-quality of apparel products with lower price” was determined when participants explained how apparel consumption changed in the Vietnamese retail market and how this change influenced their retail businesses. Since the liberalization of Vietnam’s economy in 1986, Vietnamese consumers have been able to access commodities in the marketplace, such as clothing and footwear, from Western countries and other parts of Asia (Nilan, 1999). Together with economic growth, the incline of household incomes contributed to the emergence of a new consumer class. New Vietnamese consumer groups with purchasing power gained more brand perceptions towards famous foreign brands (Binh & Terry, 2011; Nilan, 1999).

Due to increasing brand-preference and consumer-oriented perspectives among Vietnamese consumers, a demand for high quality fashion products is steadily increasing in the domestic Vietnamese apparel retail marketplace (Nguyen, Nguyen, & Barrett, 2007; RNCOS, 2008). For example, participant VE 8 determined that Vietnamese consumers became more likely to be quality-oriented consumers than price-oriented consumers. Vietnamese consumers
highly considered not only global fashion trends, but also the quality of products when they have purchased apparel products. VE 11 also identified that Vietnamese consumers seek unique design apparel products with high quality and reasonable prices. Vietnamese consumers became more sophisticated in their purchase of apparel products. VE 14 said that Vietnamese consumers preferred a high quality of apparel products and they became more demanding consumers.

In the past, around ten years ago, the most of Vietnamese consumers concerned about price rather than design and quality of clothing. … However, recently, they are more considering to design, fashion trends, and quality of goods rather than price. … Therefore, I am trying to capture current fashion trends for young generation (VE 8, an apparel retail store owner).

Vietnamese consumers are becoming increasingly sophisticated when buying apparel products. … They want better quality and unique design products with reasonable prices (VE 11, an owner of apparel retail store).

Since the last four or five years, prices didn’t play the most important role but style, materials, colors, function, … In order words, consumers have become more demanding. … They prefer high-quality products over prices (VE 14, an apparel retail store owner).

To meet consumer demands in Vietnam’s apparel retail market, domestic small-sized retail firms were evaluated in terms of the importance of factors in the business strategies. The results are shown in table 4.6. The domestic Vietnamese small-sized apparel retailers considered “choose good location” to be the most important factor to meet consumer demand (mean 4.70). “Put more effort on consumer services” (mean 4.54) and “increase variety of goods at stores” (mean 4.54) were also considered significant factors in present business strategies. “Lowering cost and price” of products was considered a more important factor than “improving quality and safety” (mean 4.38 and 4.31, respectively). The “advertising and promotion” (mean 3.77) and “improving shopping atmosphere” (mean 3.92) in service and operation were shown to be less important business strategies than the above-mentioned leading factors.
Table 4.7.

The Importance of Business Strategy to Meet Consumer Demand

<table>
<thead>
<tr>
<th>Factors</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Service and operation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Put more effort on consumer services</td>
<td>4.54</td>
<td>0.52</td>
</tr>
<tr>
<td>Advertising and promotion</td>
<td>3.77</td>
<td>0.73</td>
</tr>
<tr>
<td>Improve shopping atmosphere</td>
<td>3.92</td>
<td>0.64</td>
</tr>
<tr>
<td><strong>Store location and expansion</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Choose good location</td>
<td>4.70</td>
<td>0.48</td>
</tr>
<tr>
<td>Focus more on consolidating current store</td>
<td>4.15</td>
<td>0.80</td>
</tr>
<tr>
<td>Fast expansion of store network</td>
<td>3.46</td>
<td>1.05</td>
</tr>
<tr>
<td><strong>Product</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improve quality and safety</td>
<td>4.31</td>
<td>0.95</td>
</tr>
<tr>
<td>Lowering cost and price</td>
<td>4.38</td>
<td>0.65</td>
</tr>
<tr>
<td>Increase variety of goods at stores</td>
<td>4.54</td>
<td>0.66</td>
</tr>
</tbody>
</table>

*Note. Values based on five-point Likert-type scale, 1 = not important at all, 5 = very important*

**Predominance of Chinese-made Apparel Products in Vietnam’s Marketplace.** The theme “predominant Chinese-made apparel products in Vietnam’s marketplace” emerged when participants identified how the Vietnamese market responds to dumping Chinese apparel products in general. Many of Vietnam’s small apparel retailers sell more Chinese-made clothing than domestically produced clothing in Vietnam’s apparel retail marketplace, (“Vietnam loses Clothing-market share,” 2008). Because, the Vietnamese apparel retailers can gain profits of 40-60 percent on imported Chinese-made apparel products, compared to the 25 percent profits on Vietnamese-made clothing (“Vietnam loses Clothing-market share”, 2008). In addition, Vietnamese consumers prefer Chinese-made apparel products, because of their fashionable design, high quality of materials, and cheaper price than Vietnamese-made clothing. For example, Vietnamese consumers can purchase two shirts made in China for the price of one Vietnamese-
made shirt. Although some domestic Vietnamese apparel retail brands, such as Nino Maxx and Blue Exchange, can meet the demands of more fashionable Vietnamese consumers, the price of these apparel products is more expensive than Chinese clothing products.

According to participant VE 7, domestically produced clothing cannot compete with Chinese-made clothing in terms of price and quality. In addition, he/she asserted that the Vietnamese government should protect from the Chinese dumping apparel products so that Vietnam’s apparel retail market continues to sustain a competitive advantage. Participant VE 10 also agreed that Vietnam’s market is not able to go against Chinese dumping products in the perspective of price and quality. In addition, VE 10 mentioned that the majority of Vietnamese consumers are accustomed to buying Chinese-made clothing due to they can easily access Chinese-made clothing everywhere in the Vietnam’s retail marketplace.

Vietnam’s market cannot go against Chinese dumping products. … Vietnamese government is too passive to protect to Chinese dumping goods. … Many apparel retailers import materials and apparel products from China. For the price and quality, Vietnamese domestic apparel products cannot compete with Chinese apparel products (VE 7, CEO of an apparel retail store).

You know, Vietnamese consumers used to Chinese products and brands. … Chinese products and brands still have advantages on cheaper prices and better quality than domestic Vietnamese ones. … Vietnam market cannot refuse to Chinese dumping products and Chinese brands, at present. … We cannot compete to their price, quality, and design. … If Vietnam has competitive advantages on these, we can fight to against Chinese dumping products. I am not sure whether we can make it or not (VE 10, owner of an apparel retail store).

Other Difficulties in SME Retail Operations

In association with strong export performance of the apparel manufacturing sectors in Vietnam, the domestic apparel sales have continuously grown more than 15 percent annually, as well as apparel retailers steadily expanding retail stores to major commercial streets and shopping centers in major cities of Vietnam (Goto, 2012; RNCOS, 2008). However, the
domestic apparel retailers are confronted with several business constraints in Vietnam’s retail marketplace. Respondents in this study evaluated the level of difficulty toward key determinant factors in their business operations (Table 4.7). The participants reported that the most serious business constraint was “access to capital resources” (mean 3.77). The second most significant concern was “applying modern retail technology” in their retail operations (mean 3.62). The business constraints towards “logistic management” and “human resource management” were evaluated at a significantly lower level of difficulty for the domestic Vietnamese small-sized apparel retailers. Specifically, sub-themes were determined when interview participants identified conflicts and/or challenges they confronted in retail operations in Vietnam’s apparel retailing market: “high level of competition” and “government tax burden”.

Table 4.8.

Level of Difficulty in Key Determinants

<table>
<thead>
<tr>
<th>Factors</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Access to Capital Resources</td>
<td>3.77</td>
<td>1.17</td>
</tr>
<tr>
<td>Human Resource Management</td>
<td>2.23</td>
<td>1.30</td>
</tr>
<tr>
<td>Applying Modern Retail Technology</td>
<td>3.62</td>
<td>1.19</td>
</tr>
<tr>
<td>Logistic Management</td>
<td>2.46</td>
<td>0.88</td>
</tr>
</tbody>
</table>

*Note. Values based on five-point Likert-type scale, 1 = not difficult at all, 5= very high level of difficulty*

**High level of competition.** One of serious business constraints for the small business entrepreneurs in the Vietnamese apparel retail market was the high level of competition. The theme “high level of competition” was identified when participants shared any conflicts and/or challenges they have faced in their business operations. Participants experienced an evaluated level of competition from other retailers in Vietnam’s apparel retail market (Table 4.8). The respondents in this study were concerned that competition from other domestic small retailers
(mean 3.54) was relatively higher than large domestic retailers (mean 2.00) and foreign retailers (mean 1.15). Because the majority of privately-owned domestic Vietnamese small apparel retail stores are located in highly-density residential areas next to each other, such as Nguyen Trai and Le Van Sy streets of HCMC in Vietnam. For example, participants VE 2, VE 10, and VE 14 mentioned that Vietnam’s apparel retail market has increased severe competition from other small- and large-sized apparel retailers in the same areas.

It’s increasing the harsh competition between stores in this plaza and even between different plazas in the city (VE 2, an owner of apparel retail stores).

In addition, the competition in the Vietnamese apparel retail market is gradually increasing from both small-sized firms and large-sized firms. … So, I encounter challenges to how my store is differentiated from competitors in order to survive in this difficult situation (VE 10, owner of an apparel retail store).

I also face the harsh competition due to the opening of many other small stores in this street (VE 14, owner of an apparel retail store).

Table 4.9.

Degree of Competition from other Retailers in Vietnam’s Apparel Retail Market

<table>
<thead>
<tr>
<th>Factors</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>From other Domestic SMEs Retailers</td>
<td>3.54</td>
<td>0.88</td>
</tr>
<tr>
<td>From Large Domestic Retailers</td>
<td>2.00</td>
<td>0.91</td>
</tr>
<tr>
<td>From Foreign Retailers</td>
<td>1.15</td>
<td>0.38</td>
</tr>
</tbody>
</table>

*Note. Values based on five-point Likert-type scale, 1 = not competitive at all, 5= very high level of competitive

**Government tax burden.** The theme “government tax burden” was determined when participants reported that they faced business constrains in the retail operations in Vietnam’s apparel retailing market. As the theme “lack of governmental supports” in capital resources emerged, domestic Vietnamese small apparel retailers also confronted difficulty in high tax rates from Vietnamese government as well. Vietnamese taxation systems not only have the strong
power to enforce the tax rates, but also this is creating difficulties for small business owners (Nguyen et al., 2009). According to Egan (2012), Vietnam’s government imposed varying type of taxes to domestic Vietnamese firms, including “income tax, license tax, rental income tax, and pavement charge (p.110).” Participant VE 14 addressed that the Vietnam-made products cannot sustain a price competitive advantage, because the government implements high tax rates which eventually influence the final price of products. In addition, high tax rates eventually impact the decline of profits.

However, our government levies high taxes that lead to high final prices and make our products hard to compete with other countries. …It is the increasing price for everything, such as rental fee, taxes and so on, while the profit is decreasing (VE 14, an owner of retail store).

**Resources Generated for Domestic Vietnamese Small Business Owners in the Apparel Retail Market**

“Resources generated for domestic Vietnamese small business owners in the apparel retail market” in this study refers to how firms’ internal resources and capabilities influence sustained competitive advantages in the marketplace. To evaluate competitive advantages of domestic small business owners in the Vietnamese apparel retail market, the present study used the VRIO framework. An axial coding technique was used to aid in the reporting of themes related to domestic Vietnamese small business apparel retail stores’ resources and sustained competitive advantages. Within the VRIO framework, major and sub-themes were generated from the interview data with regard to various types of resources and capabilities in order to verify competitive advantages for the domestic Vietnamese small business owners in the apparel retailing marketplace.

**Value of Resources**
The first question asked based on the VRIO framework is “do a firm’s resources and capabilities add value by enabling it to exploit opportunities and/or neutralize threats?” (Barney, 1995, p.50). If the resources held by a firm meet this condition, it can be considered a competitive advantage to the company. Valuable resources also can help to increase the perceived customer value. This process is performed by increasing differentiation or decreasing the price of the product. Otherwise, if the resources of a firm cannot create value, it leads to a competitive disadvantage due to constantly changing internal or external conditions of the resources making them less valuable or useless in the marketplace (Barney, 1991). Therefore, identifying the value of the resource is important to the firm achieving sustained competitive advantage in the marketplace. The value of firm resources emerged through four major themes in this study with participants answering that they had valuable resources to exploit opportunities in the Vietnamese apparel retail marketplace, including 1) maintaining good business relationships, 2) price competitiveness, 3) customer loyalty, and 4) unique products.

**Maintaining good business relationships.** Personal and business relationships are a significant factor when doing business in Vietnam. The theme “maintaining good business relationships” in this study refers to close associations or acquaintance relationships with suppliers or organizations. The theme was determined when a number of participants described what kinds of value reflected by resources within in their business operations. More specifically, business relationships with suppliers helped to secure a high quality of products with lower prices for Vietnamese small-sized, domestic apparel retailers. Therefore, having strong relationships with key business partners served as an important role in creating value (Ulaga, 2003).
In addition, participants reported that the domestic Vietnamese small-sized apparel retail firms were outsourcing apparel products from domestic Vietnamese garment manufacturers, because Vietnam has proven to exhibit very good performance in the apparel manufacturing sector (A.T. Kearney, 2011a). Specifically, the Vietnamese apparel manufacturers are highly export-oriented. Therefore, domestic Vietnamese apparel retailers were easy to access when sourcing apparel and apparel-related products, which meet global fashion trends and a high standard of quality. For example, participants VE 2 and VE 4 indicated that they reap competitive advantages from valuable resources (e.g., exporting clothes) from business networking. Participants VE 2 and VE 3 also mentioned reliable business networking with suppliers as a valuable resource in business operations. Participants were quoted as saying the following:

My competitive advantage is the source of my products which comes directly from garment sewing contractor but not from other wholesalers. So I can get cheap original prices (VE 2, an apparel retail store owner).

My firm’s strength is a good business strategy. My products are sold at a low price with high quality. It is because they’re exported clothing taking directly from the garment sewing contractor. … Therefore, the products must meet the high standard quality system. And my products come from the extra quantity of their order, so I can buy them at a very low price compared to the original price. … Moreover, I also get a good offer on price thanks to buying in large quantities (VE 4, an apparel retail store owner).

Business networking. I have several reliable suppliers (VE 3, an apparel retail store owner).

**Price competitiveness.** “Competitive price” in this study refers to a price lower than that offered by the competitors so that more attractive to customers. This theme emerged when nearly one fourth of participants indicated that lower price of products than competitors is a value of resources for the domestic Vietnamese apparel retail store owners. The theme of “maintaining good business relationships with suppliers” may result in the domestic Vietnamese apparel
retailers possibly obtaining a competitive advantage in price. According to respondent VE 2, direct supply chains from the domestic Vietnamese apparel manufacturers can help to obtain a competitive wholesale price of products to ensure a sustained competitive advantage in the retail marketplace. VE 4 also reported that direct outsourcing from the domestic Vietnamese export apparel manufactures has brought price competitiveness for his/her store operation as follows.

My competitive advantage is the source of my products, which come directly from a garment sewing contractor, but not from other wholesalers. So I can get cheap original prices (VE 2, an apparel retail store owner).

My firm’s strength is good business strategy. My products are sold at a low price with high quality. It is because they’re exported clothing taken directly from the garment sewing contractor. … And my products come from the extra quantity of their order, so I can buy them at a very low price compared to the original price. … Moreover, I also get a good offer for price thanks to buying in large quantities (VE 4, an apparel retail store owner).

**Customer loyalty.** Approximately 23 percent of participants reported that “customer loyalty” is a valuable resource for domestic Vietnamese apparel retailing entrepreneurs. Keeping close relationships with customers can be a valuable resource to a firm (Barney, 1991; Ulaga, 2003). Customer loyalty is the result of a consistently positive emotional experience, physical attribute-based satisfaction, and perceived value of an experience, which includes perceptions of the products or services (Palmatier, Scheer, & Steenkamp, 2007). Customer loyalty has brought more benefits to firms’ profits than the deal-prone consumers (Reichheld, 1996). To increase customer loyalty, firms should employ value-enhancing strategies, such as price reduction or customer benefits, because cultivating customer loyalty can help to increase a firm’s sales and decrease customers’ costs (Palmatier, Scheer, & Steenkamp, 2007). Therefore, relationships between customers and business owners can be represented as a competitive advantage resource (Cannon & Perreault, 1999; Ulaga & Eggert, 2006). For example, participants VE5, VE 9, and
VE 14 stated that customer loyalty is a valuable resource for their business operations, as well as that social relationships led to increasing the number of loyal customers in Vietnam’s apparel retail market.

I feel that the customers like to shop at my store; it may be because of my personal and social relationships (VE 5, an apparel retail store owner and a wholesaler).

I have engaged in this business for such a long time. … So, social networking is my business strength. I have good relationships with customers and suppliers. … Therefore, I have many loyal customers up to now, as well as I have gained high prestige in this business area (VE 9, an apparel retail store owner and a wholesaler).

First of all, I have operated in this market for a long time and have built a brand name with a steady number of loyal customers (VE 14, an apparel retail store owner).

**Unique Products.** “Unique products” in this study refers to certain products which consumers actively seek out and purchase, because they have unique characteristics or hold a loyalty to a specific brand. Consumers who seek unique products know what they want to buy, and will spend more time and effort to get it. For example, a high-end line of clothing does not sell in discount retail chain stores. Instead, such a clothing line is commonly placed in department stores and specialty apparel stores that will support the high-end image of the products. Nearly 46 percent of participants in this study reported that the sale of wide range of unique products was a valuable resource in the stores. Therefore, a wide range of “unique products” is a significant resource for small business owners in the Vietnamese apparel retailing market. For example, VE7 stated that a unique and varied range of products leads to a competitive advantage in the marketplace. Other participants, VE 8, VE 11, and VE 13, also agreed that specialization in a certain product (e.g., denim) is a valuable resource which helps to obtain a competitive advantage in the marketplace.
In regards to a valuable resource of my business, I provide a varied range of apparel products and unique items, especially for men’s collection. … I think that these resources are my firm’s strengths (VE 7, owner of an apparel retail store).

My business is specialized in denim products. I think that this is my valuable resource in my business (VE 8, an apparel retail store owner).

At the beginning of this business, natural cosmetics are a pretty niche market in Vietnam. … Up to now, I have a competitive advantage on this product. So, I think this is my valuable resource in the market (VE 11, owner of an apparel and apparel related retailing store).

My strength is products specializing in denims. All the denim products I’m offering include jeans, denim shirts, and denim shorts (VE 13, an apparel retail store owner).

**Rarity of Resources**

If the resources of a firm are more unique than its competitors, the resources are considered to exhibit rarity (Barney, 1991; 2001). Furthermore, if the resources have both value and rarity, a firm can sustain a competitive advantage. On the other hand, because the resources are simultaneously controlled by a large group of competing firms, a firm remains at a competitive parity (Barney, 1991; 2001). Almost all participants in this study agreed that they hold a competitive advantage over their competitors in uniqueness. Similar to the emergent theme of “value of resource,” two major themes -- “strong commitment in business relationships” and “unique products” -- emerged when the participants indicated the control of the resource lies in relatively few hands. Otherwise, nearly 38 percent of respondents reported the resources of a firm do not show rarity in the domestic apparel retailing marketplace. Therefore, many domestic Vietnamese small apparel retailing business owners are facing difficulties in sustaining a competitive advantage in the marketplace. Even though competitive parity is not the desired position, domestic Vietnamese small-sized apparel retailers should not neglect the value
of resources. Losing valuable resources would put them at a disadvantage with an organization, because these resources are substantial factors to a business’s staying power in the marketplace.

**Strong commitment in business relationships.** To obtain a competitive advantage in Vietnam’s apparel retail market, domestic Vietnamese apparel retailers must have strong commitments with their suppliers. This business relationship requires a long-term perspective in developing business operations (Holm, Eriksson, & Johanson, 1999). Similar to an emergent theme from “value of resource,” many participants identified “strong commitments in business relationships” as helping them sustain a competitive advantage in the Vietnamese apparel retail market, as well as the rarity aspect of their businesses. For example, VE 2 stated it is very hard to obtain a strong commitment with suppliers, especially domestic Vietnamese clothing export manufacturers. Therefore, domestic Vietnamese small apparel retailers have struggled to obtain unique and consistent product and resources directly from domestic supply chains. The domestic Vietnamese apparel manufacturers based on the strong commitment to business relationships over competing firms. Another participant, VE 4 also commented that business relationships bring benefits of good supply chain management to his/her firm.

In order to gain product variety, I have to purchase garments from other wholesalers and suppliers. … Meanwhile, my competitors cannot have a relationship with a sewing contractor like me, but they know a wide range of suppliers providing good products (VE 2, an apparel retail store owner).

At the beginning it might not be a good advantage. … But because I can maintain the situation, I can build good relationships with suppliers which could turn out good supply for my products (VE 4, an apparel retail store owner).

**Unique products.** Likewise an emergent theme from “value of resource” for domestic Vietnamese small-sized apparel retail entrepreneurs, many respondents in this study reported that “unique products” have brought rarity over their competitors in the apparel retailing marketplace. For example, VE 6 stated a “unique product” (e.g., Boy’s Ao Dai) in his/her firm is very rare in
the Vietnamese apparel retail marketplace. In addition, VE 7 and VE 10 stated that unique apparel and apparel-related items demonstrate rarity over competitors. Therefore, the company can sustain temporary competitive advantages in the marketplace due to the firm’s resources containing both value and rarity.

As far as I know, there is no other company selling boy’s Ao Dai. For Boy’s Ao Dai, my company is the only one. … Except boy’s Ao Dai, there are many other firms selling similar products, as well (VE 6, an apparel retail store owner and manufacturer).

As long as a rarity of my resource, many other competitors are just selling basic and simple items in this area. … As I told you, I am selling unique and specialty products to customers. That’s why I think my resources have rarity. … Besides, I am trying to differentiate my store from competitors (VE 7, owner of an apparel retailing store).

My suppliers only provide to me unique items. Those items are all manufactured in Vietnam. I think these items are relatively scarce in the Vietnamese apparel market (VE 10, an apparel retail store owner).

**Imitability of Resource**

The primary question of “imitability” in the VRIO framework asks “is it difficult to imitate, and will there be a significant cost disadvantage to a firm trying to obtain, develop, or duplicate the resource/capability?” (Barney, 2001). A firm’s resources, which are difficult to imitate by other firms, can obtain the first-mover competitive advantages in the marketplace. In addition, when there are high costs of imitation by competitors, a firm may sustain a period of competitive advantage. On the other hand, if valuable and rare resources are easily imitated by competitors, competitive advantage might disappear. Two prevalent themes, “difficult to mimic the internal resources” and “easy to mimic the external resources,” emerged when the participants identified significant cost disadvantages to firms trying to obtain, develop, or duplicate the resource/capability in the Vietnamese apparel retailing market.
Difficult to mimic the internal resources. The theme “difficult to mimic the internal resources” was identified when approximately one half of small apparel retailing business owners in this study stated it is very difficult to imitate many of the internal resources by other firms. “Internal resources” in this study refers to a firm’s intangible assets that are critical in creating competitive advantages, including business relationships, business strategies, know-how, technical knowledge, and sales experiences. For example, VE 5 stated internal resources, such as sales skills and social networking, are not easy to imitate by other competitors in the Vietnamese apparel retail marketplace. Other participants, VE 6 and VE 13 also mentioned that competitors cannot exactly imitate techniques although they may simply copy external factors, such as design, fabric, and materials, because internal resources tend to be more difficult to imitate when competitors take a lengthy time to absorb the knowledge necessary to master the internal resources.

I think it’s difficult to imitate competitors, because it depends on my sales skills and social networks. In addition, I offer discount prices for loyal customers. … Besides, I always try to stabilize the prices and offer the most competitive ones even though the market prices are increasing (VE 5, an apparel retail store owner and wholesaler).

Even though many other firms can copy my design through my online store, they cannot make it the same as my products (VE 6, an apparel retail store owner and manufacturer).

They must have experience, and must master denim features. For me, I have experience in fixing jeans for more than 20 years. … I have seen lots of brand name products, so I know many things about the fabrics and other features of this type of products (VE 13, owner of an apparel retail store).

Easy to mimic the external resources. The theme of “easy to mimic the external resources” emerged when participants described the difficulties for another firm in acquiring the resources or a substituting something else in the marketplace. In contrast to the internal resources, “external resources” in this study refers to resources coming or derived from outside the
impacted subject, including design, materials, store atmosphere, and externally visible elements of competitors. For example, VE6, VE 7, and VE 10 stated that competitors may easily imitate external resources, such as design and materials. Therefore, small business entrepreneurs in the domestic Vietnamese apparel retailing market should be researched and developed to obtain a sustained competitive advantage in the marketplace.

Even though many other firms can copy my design through my online store, they cannot make it same as my products (VE 6, an apparel retail store owner and manufacturer).

It is not difficult to imitate my resources from competitors. So, I study and seek to make unique products for differentiating my store from competitors (VE 7, owner of an apparel retailing store).

It is easy to imitate fabric and materials. Although the competitors use similar fabric and materials, other companies cannot imitate our designs (VE 10, an apparel retail store owner).

**Organization to Exploit Resources**

If a firm’s resources meet the conditions of value, rarity and imitability in the marketplace, the last step in the VRIO framework involves evaluating the organization of a firm as a way to exploit these resources. If a firm is not organized, the resources of a company do not render the ability to obtain a sustained competitive advantage. Without the correct organization, even firms with valuable, rare, and costly–to–imitate resources can suffer from a competitive disadvantage (Barney & Hesterly, 2010). Therefore, a firm must be well organized in its formal reporting structure, management control systems, compensation policies, and culture to be able to fully realize the potential of its valuable, rare, and costly-to-imitate resources; only then will the company achieve a sustained competitive advantage. Three prevalent themes emerged from the data on organization, including “difficult and complicated to set up organization of a firm,” “compensation policies,” and “formal reporting structures.”
**Difficult to organizing organization of a firm.** Due to the size of a firm, approximately 70 percent of participants in this study reported they have no organization structure and culture in the store operations. The theme was identified when interviewed participants considered that a firm have other policies and procedures for organizing to support the exploitation of its valuable, rare, and costly-to-imitate resources. For example, participants VE 3 and VE 5 in this study stated that small-sized apparel store owners in Vietnam have a very limited amount of manpower. Therefore, many of the domestic apparel retailing entrepreneurs do not realize the necessity of organization. In addition, many participants mentioned they suffer from a lack of information with regards to the term of organization. For example, VE 5 and VE 7 stated the lack of information to organize the firm creates difficulties in brainstorming ways to exploit the resources. In other words, only a very limited number of the domestic small-sized apparel retailing entrepreneurs can enjoy a period of sustained competitive advantage in the marketplace.

My firm is not organized well. Currently I have no plan to manage them, because I’m quite busy with orders. Moreover, I’m the only one person who manages this business, so I don’t have any support in terms of manpower and organizational structure (VE 3, an apparel retail store owner).

I am running this business with my wife. Small entrepreneurs, like me, are never concerned about organizational structure and culture to achieve a sustained competitive advantage (VE 5, an apparel retail store owner and wholesaler).

I think that most small apparel retailing stores do not have an organizational structure. Actually, I am not familiar with the term organization. It looks like it is pretty difficult and complicated to reflect onto my small business (VE 7, an owner of apparel retailing store).

**Compensation policies.** “Compensation policies” in this study refers to firm incentive systems which are a desired way to bring benefits to employees. There are two types of compensation policies: (1) monetary incentive, such as bonuses, stocks, or salary increases, (2)
non-monetary incentives, such as additional vacation days (Jurevicius, 2013). The theme was identified when participants addressed any type of organization structure used to exploit a sustained competitive advantage in the marketplace. Nearly 15 percent of small-sized apparel retail entrepreneurs in this study reported that they have compensation policies to exploit a sustained competitive advantage in the domestic apparel retailing marketplace. For example, participants VE 4 and VE 10 indicated compensation policies, such as higher salary, annual trip, and bonus, are effective motivation and supply reward systems for employees to promote a sustained competitive advantage in the marketplace.

I offer good benefits for employees. For employees, I offer a competitive salary compared to the market price. … Moreover, I also offer some other benefits like annual trips or bonuses (VE 4, an apparel retail store owner).

I provide incentives to my staff when he/she accomplishes their monthly sales target amount. No other small companies are doing this. … It is a very special policy to provide motivation for my staff (VE 10, an apparel retail store owner).

**Formal reporting structures.** “Formal reporting structures” in this study is defined as the authority relationships in a company -- who reports to whom. For small businesses with only a couple of employees, that structure is often self-evident: all employees report to the owner. There are two types of reporting system under management and control systems: formal- and informal-reporting structures to make owners’ decisions align with a firm’s strategies (Hill & Jones, 1998). Formal reporting systems can consist of budgeting and reporting performances by employees lower down in the firm (Hill & Jones, 1998). Otherwise, informal reporting systems can include a firm’s culture and employees to monitor each other (Hill & Jones, 1998). The theme “formal reporting structure” was determined when participants described the firm as organized, ready, and able to exploit resources in the Vietnam’s apparel retailing market. For instance, VE 6 supported to the theme that his/her firm was organized with direct formal
reporting system in order to sustain a competitive advantage in Vietnam’s apparel retail marketplace. Although participants are operating small-sized apparel retail stores, management and control system in combination with a firm’s valuable, rare, and costly-to-imitate resources and capabilities can result in a sustained competitive advantage, as supported by participant VE 8.

I think each company has a different management system. For management system and processes, I think my company does a good job of segmenting each staff member’s responsibilities. … My company has a direct reporting line in the organization structure though a small-sized firm (VE 6, an apparel retail store owner and manufacturer).

Though I have a small store, I am trying to organize a management system. I have been engaged in apparel retail business over a decade. … So, I have my own know-how about the organization, though I am a small retailer. For example, my firm has a specific management system. … All staff members have their own responsibilities, I mean segmentation; one staff member only takes control in management, another guy’s duty is outsourcing from China, and the last guy is responsible for visual merchandising (VE 8, an apparel retail store owner).

Conclusions

Rostow (1960)’s Stage of Growth Model provides support for a major finding of this study, indicating that Vietnam’s apparel retail market is progressing toward maturity as evidenced by increasing modern apparel retail channels throughout the country and consumer spending on apparel products. However, findings of this study also suggest that a majority of domestic Vietnamese small apparel entrepreneurs are facing several challenges in their future retail development. Examples include, limited access to financial resources, lack of reliable human resources, serious traffic jams, lack of adopted modern technology, and high tax rates (Refer to Table 4.10).
Table 4.10.

Summary of Findings from Key Determinants for Domestic Vietnamese Small Apparel Retailing Business Owners

<table>
<thead>
<tr>
<th>Major Theme</th>
<th>Sub-Theme</th>
<th>Challenges</th>
</tr>
</thead>
<tbody>
<tr>
<td>Limited Access to Financial Resources</td>
<td>High operating costs</td>
<td>• High rental cost, advertising, and promotion</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Lack of governmental support</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Difficult to access external fund resources</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Lack of transparency credit system</td>
</tr>
<tr>
<td>Lack of Reliable Human Resources</td>
<td>Recruiting employees</td>
<td>• Poor Labor Center Service</td>
</tr>
<tr>
<td></td>
<td>informally</td>
<td>• Untrained before employed</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Increase operating costs</td>
</tr>
<tr>
<td>Need Further Development of Transportation</td>
<td>Development of transportation</td>
<td>• Serious traffic jams</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>infrastructure contributed to</td>
<td>• Delay delivery process</td>
</tr>
<tr>
<td></td>
<td>retail operations</td>
<td></td>
</tr>
<tr>
<td>Use of Technology in Retail Operations</td>
<td>Increasing demand on</td>
<td>• Lack of adopted modern technology</td>
</tr>
<tr>
<td></td>
<td>e-commerce</td>
<td></td>
</tr>
<tr>
<td>Economic Condition Influence on Apparel</td>
<td>Increasing consumer demand on</td>
<td>• Economic downturn</td>
</tr>
<tr>
<td>Consumption</td>
<td>high-quality of apparel products</td>
<td>⇒ Decrease apparel sales</td>
</tr>
<tr>
<td></td>
<td>with lower price</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Predominance of Chinese-made</td>
<td>• Cannot compete with Chinese-made</td>
</tr>
<tr>
<td></td>
<td>apparel products in Vietnam’s</td>
<td>garments in terms of price and quality</td>
</tr>
<tr>
<td></td>
<td>marketplace</td>
<td></td>
</tr>
<tr>
<td>Other Difficulties in SME Retail Operations</td>
<td>High level of competition</td>
<td>• Increasing competition from domestic SME apparel retailers</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Government tax burden</td>
<td>• High tax rates impact the final price of apparel products</td>
</tr>
<tr>
<td></td>
<td></td>
<td>⇒ Decline the profits</td>
</tr>
</tbody>
</table>

In addition, the VRIO framework (Barney, 1995) aids in the extrapolation of evidence concerning managerial and resource issue for small Vietnamese apparel retailers. Findings from this study indicate that domestic Vietnamese small apparel retailers are lacking in resource management capabilities, although they do hold various valuable resources within their retail
operations that can be further developed (see Table 4.11). Therefore, the core findings in this study suggest that domestic Vietnamese entrepreneurs in the apparel retail marketplace should constantly review their scope of available resources and firm capabilities versus current and emerging competitors and related cost considerations. In addition, domestic Vietnamese small apparel retailers must also develop resource management capabilities within their business organization by first identifying the resources, then developing and implementing appropriate strategies to protect valuable resources and gain competitive advantages.

Table 4.11.

Summary of Findings from Resources Generated for Domestic Vietnamese Small Business Owners in Apparel Retail Market

<table>
<thead>
<tr>
<th>Theme</th>
<th>Definition</th>
<th>Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Value of Resources</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maintaining good business relationships</td>
<td>Close associations or acquaintance relationships with suppliers or organizations</td>
<td>· Business relationships help to creating value and secure high quality of products with lower price</td>
</tr>
<tr>
<td>Price competitive</td>
<td>A price lower than that offered by the competitors so that more attractive to customers</td>
<td>· Lower price is more attractive to customers and provide a short-term advantage</td>
</tr>
<tr>
<td>Customer loyalty</td>
<td>A consumer has a consistently positive emotional experience, physical-attribute-based satisfaction, perceived value of an experience towards products or service</td>
<td>· Benefits to firm’s profits · Social relationships led to increasing the number of loyal customers</td>
</tr>
<tr>
<td>Unique products</td>
<td>Certain products which consumers actively seek out and purchase</td>
<td>· Help to increase the differentiation from competitors’ products</td>
</tr>
<tr>
<td><strong>Rarity of Resources</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strong commitment in business relationships</td>
<td>Close associations or acquaintance relationships with suppliers or organizations</td>
<td>· Benefits to good performance in supply chain management</td>
</tr>
</tbody>
</table>
Table 4.11. (Continued)

<table>
<thead>
<tr>
<th>Theme</th>
<th>Definition</th>
<th>Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Imitability of Resources</td>
<td>Difficult to mimic the internal resources</td>
<td>· Costly to imitate internal resources (e.g., business relationship, unique business strategies, sales experience, and technical knowledge)</td>
</tr>
<tr>
<td></td>
<td>Firms’ intangible assets</td>
<td>· Lacking of legal property rights</td>
</tr>
<tr>
<td></td>
<td>Resources coming or derived from outside the impacted subject</td>
<td>· Easy to copied externally visible elements (e.g., design of products, material, and store atmosphere)</td>
</tr>
<tr>
<td>Easy to mimic the external resources</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organization to Exploit Resources</td>
<td>Difficult to set up organization of a firm</td>
<td>· Very limited number of employments → Do not realized the necessity of organization structure</td>
</tr>
<tr>
<td></td>
<td>Organization system in a retail operation, including reporting structures, management control systems, compensation policies, and culture</td>
<td>· Lack of information about set up organization structure</td>
</tr>
<tr>
<td>Compensation policies</td>
<td>A firm’s incentive systems which are a desire way to bring benefits to employees</td>
<td>· Very small number of small-sized apparel retailers have compensation policies, including higher salary, annual trip, and bonus</td>
</tr>
<tr>
<td>Formal reporting structures</td>
<td>Decision making process align with a firm’s strategies</td>
<td>· All employees directly report to the owner</td>
</tr>
<tr>
<td></td>
<td></td>
<td>· Bottom of the hierarchy reporting system</td>
</tr>
</tbody>
</table>
CHAPTER 5. DISCUSSION AND CONCLUSIONS

The purpose of this study was to derive a better understanding the current situation in the domestic Vietnamese apparel retailing market. More specifically, this study attempted to examine the competitive advantage of the domestic Vietnamese small business entrepreneurs in the apparel retail market and to identify the challenges and opportunities of sustaining competitive advantages in the retail marketplace. Based on the VRIO framework (Barney, 1995) and the Stage of Growth model (Rostow, 1960), this present study proposed a research model to evaluate domestic Vietnamese small retail firms’ dynamic performance in Vietnam’s apparel retail marketplace. In this chapter, major findings and themes from the study are summarized and discussed to address the research questions. Next, this chapter will provide a series of testable propositions in relation to sustaining competitive advantages in the Vietnamese domestic apparel retail marketplace, based on the findings in this study. Finally, implications, limitations, and directions for future research are presented.

Summary of the Study

The combination of economic and population growth has attributed to the development of the apparel retailing market in Vietnam, since the enactment of open-door policy in 1986. Simultaneously, Vietnam’s apparel retail environment has changed remarkably. According to the Retail Apparel Index (RAI) report in 2011 (A. T. Kearney, 2011a), the country of Vietnam had taken ninth place among emerging markets in terms of apparel market attractiveness, degree of retail market development, and country risk. The total for clothing and footwear retail sales in Vietnam reached $9 billion in 2010 (Euromonitor International, 2011). In addition, clothing sales in the domestic Vietnamese retail market have continued to grow more than 15 percent annually in the range of 2005 and 2010 (Euromonitor International, 2011).
Since the Vietnamese government implemented an economic renovation policy in 1986, SMEs have tremendously contributed to a rapid growth in the country’s economy (Tran, Le, & Nguyen, 2008). Particularly, SMEs have significantly contributed to creating employment and achieving sustainable economic development in Vietnam (Harvie & Lee, 2002). To date, a majority of domestic Vietnamese apparel retail businesses are operated by SMEs. Although SMEs play an important role in Vietnam’s apparel retail market, relatively little is known about Vietnam’s apparel retailing market environment and domestic Vietnamese apparel retailers’ dynamic business performance in the marketplace.

Therefore, the present study aimed to extend an understanding of the competitive advantages of domestic Vietnamese small-sized apparel retail firms and examine their growth potential in Vietnam’s apparel retail marketplace. Although some research has been conducted on SME development in Vietnam (e.g., Cung et al., 2008; Nguyen et al., 2008; Sakai & Takada, 2000; Taussig, 2005; Tran, Le & Nguyen, 2008) and Vietnam’s overall retailing market development (Maruyama & Trung, 2007; 2012; Speece & Huong, 2002), very limited research (e.g., Egan, 2012) has explored the topic of business constraints of small firms in Vietnam’s retail clothing industry. However, research has mainly focused on how global economic recessionary effect on Vietnam’s retailing clothing industry. Therefore, little to no research has explored competitive advantages of domestic Vietnamese small firms, especially in the apparel retailing sector. Thus, the purpose of this study was to fill a void in the literature in regard to the current situation and address competitive advantages of domestic Vietnamese small-sized firms in the apparel retailing market. Specific objectives of the study were to:

1. Assess the evolution and current status of SMEs in the domestic apparel retailing sector of Vietnam.
2. Identify challenges and opportunities for the domestic Vietnamese entrepreneurs who are operating small businesses in the apparel retail market.

3. Apply relevant theories to aid in explaining the development and growth potential of domestic small entrepreneurs in Vietnam’s apparel retail market.

4. Propose a series of testable propositions in relation to the challenges, opportunities, and business successes of domestic Vietnamese small firms in the apparel retail market.

For these purposes, this study used a qualitative-dominant mixed methods approach.

This present study mainly conducted face-to-face interviews with 13 domestic Vietnamese small-sized apparel retail store owners, who independently-owned and operated an apparel retailing store in HCMC of Vietnam. Without close relationships with members of the business community in Vietnam, the researcher would have experienced difficulties when accessing participant information. Therefore, this present study required personal relationships with small business owners who were involved in the domestic Vietnamese apparel retail market. Participants were selected through a snowball sampling technique in order to discuss entrepreneurial performance and current market environment.

In addition, this study incorporated a limited collection of descriptive quantitative data to enrich the qualitative results. The quantitative results helped in understanding the level of entrepreneurial performance, opportunities, and challenges in the domestic Vietnamese apparel retail market, as well as enabled a comparison of qualitative responses between participants. Finally, this study also used a content analysis method to support evidence in examining the current apparel retail market situation, entrepreneurial activity, and growth potential of small businesses in the domestic Vietnamese apparel retail market from existing documents and artifacts. To collect data for a content analysis, the researcher utilized secondary data sources.
from published documents, including academic journals, books, newspapers, industry publications, statistical documents, and government and industry web sites.

Based on data collected from 13 domestic Vietnamese small retail business owners, two phases of data analysis were conducted: qualitative and quantitative analysis. For the qualitative phase, interpretive analyses revealed overarching themes, including resources generated for domestic Vietnamese small business owners in the apparel retail market, limited access to financial resources, lack of reliable human resources, need for further development of transportation infrastructure, use of retail technology, economic conditions’ influence on apparel consumption, and facing other difficulties in retail operations.

For the quantitative phase, descriptive statistics were calculated from the paper-based survey results to support evidence from the in-depth interviews, including the calculation of means, standard deviations, and frequencies of item scores. The next section discusses major findings of this study. In addition, a series of testable propositions are posited, based on findings from this study, in relation to sustained competitive advantages in the Vietnamese domestic apparel retail marketplace.

**Evaluation of Opportunities and Challenges for Small Apparel Retailing Business Owners in Vietnam’s Marketplace**

This section discusses opportunities and challenges from key determinants for the domestic Vietnamese small businesses in the apparel retail market. Based on the Stage of Growth Model (Rostow, 1960), key determinants were extracted to evaluate opportunities and challenges of the domestic Vietnamese apparel retail market, such as capital resources, human resources, technology and transportation infrastructure, and domestic apparel consumption. From each category of determinants, major themes were identified when participants were asked how
each determinant influenced their retail business operations. Each sub-theme serves as an essential point of this study’s findings.

**Limited Access to Financial Resources**

This theme emerged when participants described how they access the amount of funds required to operate the business. According to participants’ responses, a majority of domestic small entrepreneurs in Vietnam’s apparel retail market face difficulty in accessing capital resources to set-up and operate their businesses. The results indicated that all participants in this study have accessed the required capital resources from internal funds resources and social relationships. Previous literature revealed that the official credit system in Vietnam lacks transparency, and Vietnam’s government has largely allocated credits to State-Owned Enterprises (SOEs) and large firms (Cortés & Berggren, 2001). The findings are consistent with previous study which found small business entrepreneurs in Vietnam have more credit constraints to obtain external funds, such as bank loans, because they have less information about external capital resources and their credit history (Le, 2012). Therefore, the results suggest a majority of domestic Vietnamese small-sized apparel retail stores should take full advantage of private capital or retained earnings. With regard to the theme “limited access to financial resources,” several sub-themes were identified.

**High operating costs.** The theme was identified when the participants evaluated the operating costs for their businesses. The results indicated that a majority of participants are highly concerned about retail operating costs. Descriptive statistic results showed that renting a location is the highest operating cost among domestic Vietnamese small-sized apparel retail stores, following other factors also accounting for businesses’ high operating costs, such as advertising and promotion and the cost of opening a store. These results are inconsistent with
Egan (2012)’s study which asserts that “retail costs were not an issue because all respondents owned the commercial premises from which they operated their businesses” (p.390).

**Lack of governmental support.** According to participants’ statements, no participants had received any kind of governmental support, although SMEs have greatly contributed to Vietnam’s economic development. This result indicated that a lack of governmental support led to a majority of domestic Vietnamese small business entrepreneurs suffering from access to external capital resources and high operating costs. Previous research showed that the domestic Vietnamese small business entrepreneurs received strong governmental and/or institutional support (Maruyama & Trung, 2012; Thuy & Ruwitch, 2011). However, with respect to governmental support, the finding of the present study is different from previous studies which suggest that SMEs had received strong promotional support from the Vietnamese government (e.g., Hansen, Rand, & Trap, 2009; Taussig, 2005).

Based on the aforementioned logic, a proposition addressed to improving access to financial resources in Vietnam’s apparel retail market, as follow:

*Proposition 1: To sustain a competitive advantage in Vietnam’s apparel retail market, the Vietnamese government needs to set up a Small- and Medium-scale Enterprises Promotion Agency at the central government level and reform the financial institutions system to unrestrictedly access credit guarantees for small business entrepreneurs.*

**Lack of Reliable Human Resources**

“Human resource” refers to the set of individuals who make up the workforce of an organization, business sector, or economy. “Human resource” in this study is defined as the knowledge the individuals embody and can contribute to an organization, including a firm’s capability to be responsible for personnel sourcing and hiring, applicant tracking, skills development and tracking, benefits administration, and compliance with associated government
regulations. The major theme “lack of reliable human resources” emerged when participants described how the domestic Vietnamese small business entrepreneurs use the beneficial abundance of manpower. Based on this major theme, two sub-themes served as essential points of the labor market situation in Vietnam, including “recruiting employees informally,” and “labor costs on the rise.”

According to participants’ responses, the domestic Vietnamese small business owners require employees to handle all necessary duties in store operations. However, in all cases, employees are untrained before they are employed. The descriptive statistics results indicated that shortages of store managers were probably the most crucial issue for the domestic Vietnamese small business owners in the apparel retail industry. In addition, participants reported that they have difficulties in obtaining staff for inventory management, sales and promotion, and sales staffs, respectively. The findings are consistent with previous literature showing that human resources (i.e., trained workers) relates to a firm’s growth more positively than opposed to those firms with untrained employees (McPherson & Liedhorm, 1996).

**Recruiting employees informally.** In this study, all participants were locating new employees by recommendations from friends or relatives to meet their human resource needs. The results indicated that referral of new employees from friends or relatives are a prevalent recruiting system in Vietnam. Although the Vietnamese government provides a Labor Center Agency service to domestic Vietnamese SMEs, a majority of study participants said the service provides unreliable- and untrained-employees to them. Small business entrepreneurs do not have enough staff or an adequate budget to properly manage human resources. Therefore, a majority of domestic Vietnamese small apparel retail stores are guaranteed employees by referral from friends or relatives.
**Labor costs on the rise.** A cheaper labor cost was an endowment factor which served as a competitive advantage relative to its rivals (Hsieh et al., 2004). However, according to participants’ statements, a cheaper labor cost is no longer a competitive advantage in Vietnam. Although descriptive statistics results showed that labor cost is ranked at a moderate level of operating costs among the participants, many participants reported that labor costs continue to increase in Vietnam. Therefore, this situation is making it harder for domestic Vietnamese small entrepreneurs to operate businesses in the apparel retailing marketplace.

These observations address the human resource management for domestic Vietnamese small business entrepreneurs in the apparel retail market:

*Proposition 2. To sustain a competitive advantage in Vietnam’s apparel retail market, domestic Vietnamese small-sized apparel retailers need to formalize their human resource practices and the Vietnamese government should provide specific training programs to improve the quality of management.*

**Need Further Development of Transportation Infrastructure**

A majority of participants in this study demonstrated that the contemporary transportation infrastructure in Vietnam has developed a great deal. However, the participants illustrated that Vietnam’s government continues to focus more on the developing of transportation infrastructure, because transportation infrastructure is a significant factor to increasing product accessibility and decreasing operating costs. According to participants’ responses, many domestic small apparel retail store entrepreneurs have experienced a delay in delivery of products and raw materials because of traffic jams due to a deteriorated current transportation infrastructure. Therefore, the results suggest that Vietnam’s government needs much support to improve the transportation infrastructure.
Development of transportation infrastructure contributed to retail operations. In transition economies, small businesses are operating under weak market institutions and poor infrastructures (Boisot & Child, 1996; Hoskisson et al., 2000; Peng, 2001; Peng & Heath, 1996). Previous studies found that improvement of transportation infrastructure has contributed to reducing transportation and logistical costs (e.g., Mu & Walle, 2011; Vu, 2011). This result emerged when interview participants explained how the transportation infrastructure contributes to their business as far as the opportunities and capabilities are concerned. The finding indicated that contemporary Vietnamese transportation infrastructure contributes to the faster access of resources, such as products and materials, as well as makes it more convenient for Vietnamese consumers to access the market. Therefore, efficient transportation networks are a crucial factor in developing sustained competitive advantages for small business entrepreneurs in Vietnam’s apparel retail market.

In sum, these findings from current Vietnam’s transportation infrastructure, support the next proposition to achieve sustained competitive advantages for domestic small business entrepreneurs in Vietnam’s apparel retail market:

*Proposition 3. To sustain a competitive advantage in Vietnam’s apparel retail market, domestic Vietnamese small apparel retail stores should adopt retail logistic management to their business operations, and the Vietnamese government needs to invest more in the transportation infrastructure.*

Use of Technology in Retail Operations

“Retail technology” in this study is defined as the application of knowledge with use of machinery and equipment in retail operation. Retail technology is designed for understanding customers’ profiles and offering better customer services. The finding is derived from participants’ statements which adapted technology to control and manage their retail businesses.
The results indicated that a majority of participants continue to use the same retail technology systems that are used by traditional retailers. They tend to use basic and low-cost retail technology, such as telephones and computers. Descriptive statistics results support that the telephone is the most used technological device to employ in planning and managing the business operation. According to participants’ responses, business transactions were frequently conducted over the telephone with suppliers and consumers.

In contrast, a majority of participants rarely used modern technology systems, such as a point-of-sales (POS) system or an electronic data interchange (EDI) system. Previous studies found that technology is a substantial determinant in retail operation to sustain a competitive advantage in the marketplace (e.g., Dahlam et al., 1987; Hoffman et al., 1998). Therefore, retailers continue to upgrade advanced technology to improve its competitiveness in the marketplace (Dicken, 1998). However, the findings indicated that a majority of participants in the study lag behind in adapting new retail technology in their retail operations.

**Increasing demand on e-commerce.** The results indicated that e-commerce and social media networking help in participants’ store operations. A number of participants in this study already operate using on-line stores and social network service (SNS); otherwise many other participants are willing to expand their businesses to online markets, because, Vietnam’s online market has become popular with Vietnamese consumers, especially office workers and students in the urban areas (Ministry of Industry and Trade, 2009). In addition, SNSs, such as Facebook, appeal to many Vietnamese young consumers, simultaneously. Although e-commerce is an inexpensive way to advertise and sell products to consumers, the findings revealed that a majority of participants limited control over their online business environment due to a lack of qualified staff who are specialized in information technology (IT) and multi-functional
management, and it is time-consuming work to manage an online store (Costello et al., 2010; Euromonitor International, 2011).

To fostering the development of technology and supporting the domestic Vietnamese apparel retailing operations, these findings support the next proposition:

*Proposition 4. To sustain a competitive advantage in Vietnam’s apparel retail market, domestic Vietnamese small apparel retail stores should establish more relationships with customers by utilizing the online markets and social networks, as well as adopting modern technologies, such as POS and EDI system.*

**Economic Condition Influence on Apparel Consumption**

The findings toward apparel consumption in Vietnam’s marketplace indicated that a majority of participants reported the economic condition is a great impact factor on Vietnam’s apparel consumption. The results are consistent with previous research which found Vietnam’s economic conditions contribute to apparel consumption levels (e.g., Maruyama & Trung, 2012; Penz & Kirchler, 2012; Shultz, Pecotich, & Le, 1994). As a consequence of the world economic recession, nearly 10,000 Vietnamese small firms stopped business operation in 2008 (Asian Development Bank, 2009; Phouc, 2009). The results showed that during an economic downturn, Vietnamese consumers have spent less money to purchase apparel and apparel-related items. According to participants’ responses, to date Vietnam is undergoing a bad economic condition which continues to influence a decline in sales by nearly one-half compared to the fiscal year of 2013. Therefore, participants indicated that domestic Vietnamese apparel retailers often offered special prices for loyal customers to maintain the retail business.

**Increasing consumer demand on high-quality of apparel products with lower price.**

Increasing brand-preference and consumer-oriented perspectives among Vietnamese consumers leads to an increasing high quality of fashion product demands in the domestic Vietnamese
apparel retail marketplace (Nguyen, Nguyen, & Barrett, 2007; RNCOS, 2008). The findings indicated that consumers’ demand of apparel products, which influences retail business strategies, changes over time. According to participants’ responses, Vietnamese consumers tend to be quality-oriented consumers more than price-oriented consumers. They highly consider fashion-oriented products with high quality and a lower-price when they buy new apparel products. To meet consumer demands in Vietnam’s apparel retail market, descriptive statistics results showed that “choosing a good location” was the most important factor. Participants considered a “variety of goods at stores” to be an important factor in present business strategies. In addition, “lowering products cost” and “improve products quality and safety” were considered important factors to meeting Vietnamese consumers’ demands on apparel products.

Predominance of Chinese-made Apparel Products in Vietnam’s Marketplace. The results identified how Vietnam’s market has responded to dumping Chinese-made apparel products in general. According to the findings, Vietnamese-made clothing cannot compete with Chinese-made clothing in terms of price and quality, because Vietnam’s apparel industry lacks the ability to produce and supply materials, compared to China’s capabilities. In addition, the results indicated that the Vietnamese apparel retailers can gain profits of 40-60 percent on imported Chinese-made apparel products, compared to the 25 percent profits on Vietnamese-made clothing (“Vietnam loses Clothing-market share,” 2008). Therefore, Vietnam’s apparel market has lost a competitive advantage in this segment of the market to China. The findings are consistent with previous literature that asserted illegally imported apparel products from China dominate Vietnam’s domestic marketplace (e.g., Egan, 2012; Sakai & Takada, 2000).

With respect to Vietnamese consumers’ demand for apparel products, proposition is suggested based on the aforementioned logic:
Proposition 5. To sustain a competitive advantage in Vietnam’s apparel retail market, domestic Vietnamese small apparel retail stores should utilize direct and multi-level marketing strategies so they will be better able to serve the demands of Vietnamese consumers, and the Vietnamese government should aggressively control illegally imported Chinese-made clothing.

Other Difficulties in SME Retail Operations

According to participants’ statements, a majority of the domestic Vietnamese small-sized apparel retail stores confront several business constraints in the marketplace. Descriptive statistics results illustrated that a majority of participants are facing difficulties in business operations toward key determinants in this study, including capital resources, human resources, transportation infrastructure, and technology infrastructure. The descriptive analysis results revealed that “access to capital resources” was the most serious challenge for domestic Vietnamese small apparel retail stores. As follows, “applying modern retail technology” was the second most significant concern of them. In contrast, “logistic management” and “human resource management” were evaluated at significantly lower levels of difficulty for their retail operations. Among the participants’ responses, important features are selected and discussed in the next section: “high level of competition” and “government tax burden.”

High level of competition. Descriptive data reflected that participants in this study gained a relatively high level of competition from other domestic small-sized apparel retail stores. However, participants were not overly concerned about competition from medium and large domestic Vietnamese apparel retail stores and foreign apparel retail stores, because the majority of independently owned Vietnamese small apparel retail stores are located in highly dense residential areas next to each other. Although findings concerning increased competition is similar to that of previous studies which examined Vietnam’s modern retail market environment
(e.g., Egan, 2012; Maruyama & Trung, 2012), this study revealed a valuable finding that domestic Vietnamese small business entrepreneurs get higher competition pressure among similarly sized competitors in the same area.

**Government tax burden.** Previous findings indicated that few participants received any kind of governmental support. In addition, many participants reported that a high government tax was a serious business challenge for business operations. A previous study found that Vietnamese taxation systems have the strong power to enforce the tax rates, as well as create difficulties for small business owners in Vietnam’s apparel retail market (Nguyen et al., 2009). In another study, Egan (2012) argued that Vietnam’s government imposed varying types of taxes on domestic Vietnamese firms, including “income tax, license tax, rental income tax, and pavement charge” (p.110). Therefore, this finding suggests that high tax rates influence the final price of products, which eventually impact the decline of profits for domestic Vietnamese apparel retail entrepreneurs.

These findings support the next proposition to strength in SME retail operations in the domestic Vietnamese apparel retail market:

**Proposition 6. To sustain a competitive advantage in Vietnam’s apparel retail market, domestic Vietnamese small apparel retail stores should differentiate their stores’ environment and provide better customer service among other domestic small-sized apparel retail stores, and the Vietnamese government should reform tax policy for small business sectors.**

**Resources Generated for Domestic Vietnamese Small Business Owners in the Apparel Retail Market**

The purpose of this section is to discuss major findings of domestic Vietnamese small firms’ unique resources and their sustained competitive advantages, which lead to their business success in Vietnam’s apparel retailing market. To identify the source of sustained competitive
advantages in the marketplace, a firm should be analyzed according to four determinants of internal resources and capabilities, including value, rarity, imitability (ease/difficulty to imitate), and organization (ability to exploit a resource or capability) (Barney, 1995; 2001). Based on the VRIO framework (Barney, 1995), a majority of the interviewed participants reported that they have unique resources in retail operation. Moreover, respondents identified their store’s distinctive resources, which are enhanced competitive advantages among other competitors in the domestic Vietnamese apparel retail marketplace. Therefore, the purpose of this section is to discuss domestic Vietnamese small-sized apparel retailers’ resources that lead to sustained competitive advantages and business successes in the marketplace, through a comparison with the VRIO framework (Barney, 1995) and previous research.

**Value of Resources**

A firm’s resources create value when it exploits opportunities and/or neutralizes threats in the marketplace (Barney, 1995; 2001). Previous research defined the value of a resource as contribution to customers’ willingness to pay for the production of what they want to purchase (Collis & Montgomery, 1995); a valuable resource enables the firm to generate profits and prevent losses (Miller & Shamsie, 1996). The emergent themes were categorized when participants reported their tangible and intangible resources, such as business relationships, price, loyal customers, and unique products. According to the results of this study, a majority of the participants addressed that their value of resources are in “maintaining good business relationships,” “competitive price,” “loyal customers,” and “unique products.”

**Maintaining good business relationships.** According to the participants’ statements, small retail business stores’ owners in Vietnam’s apparel market make efforts to maintain good relationships with their suppliers (e.g., domestic Vietnamese export-clothing manufacturers),
who provide high-quality products with lower-prices to the domestic Vietnamese small apparel retail business stores. Specifically, Vietnam is well known for outstanding performance in garment manufacturing and exporting. Therefore, retaining relationships and interacting with the domestic Vietnamese export-clothing manufacturers allowed the domestic Vietnamese apparel retailers to access high-quality apparel products and export these products at cheaper prices. Many participants asserted that their interaction with suppliers eventually lead to price competitiveness with their products. The result is convergent with previous research which found that having strong relationships with key business partners served as an important role in creating value (Ulaga, 2003).

**Price competitiveness.** Findings indicated that the direct supply chain management with the domestic Vietnamese apparel manufacturers can help in obtaining competitive prices of products and create a competitive advantage for domestic Vietnamese small apparel retail store entrepreneurs. For example, several participants illustrated that lower price products were more attractive to customers than that offered by the competitors. According to Griffith and Rust (1997), lower prices of products provide a short-term advantage to a firm, but competitors often used the same lower price strategy, as they face large drops in profit if they fall to lower prices. Therefore, the findings suggested that price competitiveness among Vietnam’s small apparel retail businesses is a threat to sustained competitive advantages in a long-term perspective.

**Customer loyalty.** Participants illustrated that customer loyalty has brought many benefits to their stores. The results showed many participants are very conscious about maintaining social relationships with customers and retaining long-term relationships with them. Domestic Vietnamese small business owners who are involved in apparel retailing stressed the significance of their relationships with customers in order to achieve business success. The
findings indicated that social relationships led to increasing the number of loyal customers in Vietnam’s apparel retail market. This finding supports the view from other previous studies that keeping close relationships with customers can be a valuable resource to a firm (e.g., Barney, 1995; Ulaga, 2003); relationships between customers and business owners can be represented as a competitive advantage resource (e.g., Cannon & Perreault, 1999; Ulaga & Eggert, 2006). Therefore, Vietnamese small-sized apparel retail stores should employ value-enhancing strategies, such as price reduction or customer benefits, to increase customer loyalty (Palmatier, Scheer, & Steenkamp, 2007).

**Unique Products.** In this study, “unique products” were defined as certain products having unique characteristics which consumers actively seek out and purchase. The theme was identified when half of the participants in this study reported that “unique products” help to increase the differentiation between their stores’ over other firms’ products. According to Lynn and Harris (1997), consumers’ desires for unique products are influenced by individual difference and social status. Thus, retailers appeal to the practical importance in unique consumer products in Vietnam’s apparel retail marketplace.

**Rarity of Resources**

A valuable resource of a firm can obtain a rare status when it is absolutely unique among a number of competitors in the marketplace (Barney, 1991; 1995; 2001). A firm cannot hold a sustained competitive advantage when the resource is controlled by a set of current and potential competitors (Barney, 1991; 1995; 2001; Barney & Hesterly, 2010). According to participants’ statements in this study, approximately 60 percent of participants reported that their stores’ resources hold rarity among current competitors in Vietnam’s apparel retailing market. The remaining 40 percent of participants reported that most competitors implement similar value
creating strategies, because they hold the same valuable resources in the marketplace. Therefore, the results suggested that many domestic Vietnamese small-sized apparel retail stores remain at a competitive parity in the market. From the results on “value of resources”, participants identified two prevalent resources-- “strong commitment in business relationships” and “unique product” – when the control of the resource lies in relatively few hands.

**Strong commitment in business relationships.** A number of participants indicated that business relationships with suppliers create rarity among competitors in the Vietnamese apparel retail marketplace. According to participants’ responses, strongly committed business relationships with suppliers have brought benefits to good performance in supply chain management. The results showed that having strong business relationships offers great opportunities by supplying a varied range of high-quality products from suppliers. This suggests that developing business operations to build strong commitments in business relationships requires a long-term perspective (Holm, Eriksson, & Johanson, 1999). These findings are consistent with the literature on enhancing relationship value (Nguyen & Nguyen, 2011). Therefore, “strong commitment in business relationships” is helping domestic Vietnamese small business entrepreneurs to achieve a temporary competitive advantage in the apparel retail marketplace.

**Unique products.** Connected with the theme “value of resources” for the domestic Vietnamese small apparel retail store entrepreneurs, many participants in this study cited that “unique products” is a potential source of competitive advantage over their competitors. In this study, domestic Vietnamese small-sized apparel retail store owners’ sourcing plans for “unique products” were emphasized as an important product strategy. For example, sourcing certain unique clothing [e.g., Children’s Ao Dai (Vietnam’s traditional costume)] in Vietnam’s apparel
retailing market helps to obtain a rarity among other small retail businesses. In addition, many participants stated that a majority of domestic Vietnamese small apparel retail stores are sourcing simple and basic clothing in a similar way. Therefore, the present study concludes that unique products are identified as a rarity resource in sourcing plans for small apparel retail stores in Vietnam’s marketplace.

**Imitability of Resources**

In this study, imitation of resources was referred to as competitors who can quickly and easily copy valuable resources. Otherwise, because valuable resources are costly to imitate by other firms and organizations, a firm can obtain a period of competitive advantage in the marketplace (Barney, 1991, 1995, 2001, Barney & Hesterly, 2010). Imitation of resources occurs when the competitors directly duplicate and/or indirectly substitute the product/service (Barney, 1995). The results were identified when the participants addressed the significant cost disadvantages to firms trying to obtain, develop, or duplicate the resources in the Vietnamese apparel retailing market. The sub-themes were extracted from interview contents under the category of imitability of resources: “difficult to mimic the internal resources” and “easy to mimic the external resources.”

**Difficult to mimic the internal resources.** “Internal resources” are defined as firms’ intangible assets which significantly contribute to the creation of competitive advantages. “Internal resources,” including brand reputation, trademarks, intellectual property, unique training systems, or a unique way of performing tasks, cannot be imitated so easily and offer the benefits of a sustained competitive advantage. According to participants’ responses, this study referred to “internal resources” as business relationships, business strategies, know-how, technical knowledge, and sales experiences. Approximately half of the participants in this study
identified that it is quite hard to imitate the internal resources from competitors, although they may simply copy external factors, such as design, fabric, and materials. These findings are consistent with previous studies citing the reasons why resources can be hard to imitate (e.g., Barney, 1991, 1995; Dierkckx & Cool, 1989; Wills-Johnson, 2008). To be at a sustained competitive advantage in Vietnam’s apparel retail market, domestic small business entrepreneurs should consider how to make their resources more costly to imitate by other firms. If competitors are unable to imitate a resource at reasonable prices, the resource will remain rare for much longer.

**Easy to mimic the external resources.** In contrast to internal resources, “external resources” are defined as resources obtained from outside the business. According to the participants’ external resources such as design of apparel products and materials, store atmosphere, and externally visible elements of competitors were easily copied. This theme emerged when participants described the difficulties for another firm in acquiring the resources or substituting something else in the marketplace. Nearly 50 percent of participants identified that competitors can easily duplicate their external resources. Barney (1991; 1995) has identified three reasons why resources can be difficult to imitate; (1) unique historical conditions (e.g., path dependence; first mover advantages), (2) causal ambiguity (e.g., links between resources and competitive advantage), and (3) social complexity (e.g., company’s culture or interpersonal relationships resources can be hard to imitate). Therefore, domestic Vietnamese small business owners in apparel retail marketplace should focus on process uniqueness in order to firms’ resources less easily copied by competitors. In addition, previous literature suggested that resources can be difficult to imitate when a country has legal property rights, such as patents and copyrights (Wills-Johnson, 2008). However, according to participants’ statements, the country of
Vietnam is lacking of such protection rights towards the imitation of products/services. As a result, the Vietnamese government should enact relevant legal property rights for small business to achieve sustained competitive advantages.

**Organization to Exploit the Resources**

To achieve a sustained competitive advantage in marketplace, a firm should evaluate the organization as a way to exploit the valuable resources. “Organization to exploit the resources” is used to refer to any type of system in a retail operation, such as formal reporting structure, management control systems, compensation policies, and culture (Barney, 1995). According to participants’ statements towards organization, a majority of small-sized apparel retail stores have not organized their operating systems to fully realize the potential of their value, rarity and costly-to-imitate resources. Barney (1991; 1995) asserted that if a firm is not organized, the resources do not render the ability to obtain a sustained competitive advantage in the marketplace. From the interview contents in organization, three prevalent sub-themes emerged, including “difficult and complicated to set up organization of a firm,” “compensation policies,” and “formal reporting structures.”

**Difficult to organizing organization of a firm.** This theme emerged when participants illustrated any type of system to support the exploitation of its valuable, rare, and costly-to-imitate resources. The results indicated that a majority of participants (70 %) do not realize the importance of their stores’ organization, because Vietnam’s small-sized apparel retail entrepreneurs require a very limited number of employments to operating their entire business procedures. Furthermore, entrepreneurs are not familiar with terms of organization. Thus, the results concluded that not only do a number of domestic Vietnamese small entrepreneurs lack information for organizing the firm a solid way of exploiting the resources, but also a very
limited number of the domestic small-sized apparel retailing entrepreneurs enjoy a sustained competitive advantage in the marketplace.

**Compensation policies.** In this study, “compensation policies” referred to a firm’s incentive systems which bring benefits to employees. Approximately 15 percent of participants stated that they have compensation policies, including higher salary, annual trip, and a bonus for employees. Based on the participants’ statements, the results illustrate that a majority of small-sized apparel retail entrepreneurs are lacking a firm’s incentive system. Even though firms have valuable, rare, and costly-to-imitate resources, previous literature argues that the inefficient organization systems make a firm suffer from competitive advantages (Barney & Hesterly, 2010). Hence, to exploit a sustained competitive advantage in the domestic apparel retailing marketplace, domestic Vietnamese small-sized apparel retail stores should combine with a firm’s other resources.

**Formal reporting structures.** In this study, “formal reporting structures” referred to having decision-making process align with a firm’s strategies. The theme “formal reporting structure” was determined when participants described the firm which as designed the organizational structure to use a resource. According to participants’ responses, with only a small number of employees in their retail operations, employees only have the authority to do their individual jobs, so they are at the bottom of the hierarchy. In addition, that all employees report to the store owners due to the organization structure is self-evident.

**Sustained Competitive Advantage**

The valuable resources of a firm change over time and they must be constantly reviewed to achieve a sustained competitive advantage over the firm’s competitors. Because competitors always aim to figure out how to achieve the same competitive advantages so they will be keen to
replicate the resources, this means that the valuable resources will no longer be rare in the marketplace. The innovative companies that implement their strategies based on costly-to-imitate and valuable resources can gain long-term competitive advantages, which ensure a company’s sustained success (Hill & Jones, 1998). With correct organizational structure, the valuable resources can be protected by identifying sources of competitive advantage more easily.

Although stores’ distinctive resources enhance competitive advantages among competitors, the findings suggest that a majority of the domestic Vietnamese small-sized apparel retail stores are weak and lack resource management. The results confirmed that a number of participants in this study have valuable resources in retail operations. However, they re-affirmed that the firms are lacking in rarity, imitability, and organization structure toward valuable resources to sustained competitive advantage in Vietnam’s apparel retail market. Therefore, to cope with sustained competitive advantages in Vietnam’s apparel retail market, domestic Vietnamese small apparel retail store entrepreneurs require more effort to constantly review the resources. In sum, based on the VRIO framework, these findings support the final proposition, as follow:

Proposition 7. To sustain a competitive advantage in Vietnam’s apparel retail market, domestic Vietnamese small retail store owners should develop better ways of integrating their resources to have more and stronger sources of competitive advantage.

Limitations

Although this study examined several aspects of competitive advantages for domestic Vietnamese small apparel retail stores, several limitations should be noted, specifically with regard to the interview method and the scope of the sample. This study was conducted by a snowball sampling approach. Even though a snowball sampling technique in this study allowed the researcher to access hidden populations which are difficult to identify in Vietnam’s apparel
retail market, the obtained sample does not represent all domestic Vietnamese small apparel retail entrepreneurs. The initial participants were recruited through the researcher’s personal acquaintances. The sample was then limited to target population known by the key initial informant who may represent similar demographic characteristics and type of business. Therefore, the sample may have some limitations concerning generalizability to the wider population.

Second, this study collected a sample from domestic Vietnamese small-sized apparel retail store owners in HCMC of Vietnam. A sample from other regions may reveal different perspectives on apparel retail business environments in Vietnam. Therefore, this study recommends that future studies examine other geographical regions in Vietnam to identify the similarities and differences among regions, which will enhance the generalizability of findings.

Third, another restriction of this study was that only thirteen apparel retail entrepreneurs were recruited. This small sample size may possibly incur incomplete information collection regarding entrepreneurs’ perceptions and experiences under different environmental cues, which makes it difficult to generalize to the entire apparel retail market in Vietnam. Future research should expand the sample size of entrepreneurs to better capture and understand different business opportunities and capacities.

Finally, this study has restrictions from the involvement of interpreters. To avoid language constraints, the researcher hired two Vietnamese interpreters, because a majority of participants did not speak English. Although the interpreters were non-native fluent English speakers, it is difficult to prevent all interpretive bias in the translation process. In addition to this interpretive bias deriving from a different cultural study setting, it is possible that the different cultural predispositions between the interviewers and participants influenced the results.
Implications and Future Studies

The present study contributes to the small body of research on contemporary Vietnam’s apparel retail market environment. This is likely one of the first studies to empirically examine the opportunities and challenges for small business entrepreneurs, especially in domestic Vietnamese apparel retail market. In accordance with the findings, the study has several implications for future research and practice.

First, results of the study revealed that domestic Vietnamese small business retail stores are lacking in resource management (e.g., financial resource, human resource, innovation capacities, and strategic planning process). Therefore, by understanding these resource management practices for domestic Vietnamese apparel retail business owners, this study suggests that future research might focus on more specific resource management strategies that would enable small apparel entrepreneurs in Vietnam to sustain a competitive advantage in the marketplace. Second, the results of the study support the view that Vietnam’s apparel retail industry requires much more governmental and institutional support (e.g., a number of different entities, including various ministries and Agency for SME Development (ASMED) service, and SMEs Support Centers). Consistent with previous literature (e.g., Hansen et al., 2013), the results in this study suggest that governmental support to a firm is an important determinant of a firm’s growth in Vietnam. Therefore, this study will provide guidelines to policy makers and organizations in Vietnam who may be responsible for specific assistant programs to domestic Vietnamese small businesses in transition markets.

Third, the study contributes to findings that human resource management in domestic Vietnamese small apparel retail firms is ineffectively operating (e.g., Egan, 2012, Maruyama & Trung, 2012; Hiemstra et al., 2006; Nguyen & Bryant, 2004). Based on findings from this study
it is suggested that domestic Vietnamese small-sized apparel retailers need to formalize their human resource practices, and the Vietnamese government should provide specific training programs to improve the quality of management. Therefore, this study proposes the future study will directly provide a solution about enhancing small business’ capabilities by raising the quality of human resources with emphasis on strengthening practical education, and supporting and encouraging training programs, particularly in collaborative training programs, to policy makers in Vietnam.

Fourth, this study generated a series of testable propositions and theoretical framework based on the perspectives from the Stage of Growth model (Rostow, 1960) and the VRIO framework (Barney, 1995), relevant literature about analysis of domestic Vietnamese small firms’ entrepreneurial activities and Vietnam’s apparel retail market conditions. Therefore, future research may advance the propositions and a testing the framework through the investigation of new relationships among its components. Based on the propositions in the present study, quantitative approaches would also be productive to understanding market growth and sustainability in Vietnam’s domestic apparel retail market.

Finally, adapted from the Stage of Growth Model (Rostow, 1960), the major finding in this study indicated that Vietnam’s apparel retail market has just entered a ‘Drive to Maturity’ stage. Since then, Vietnamese consumers’ spending on apparel products has expanded significantly and domestic apparel market competition has become more sophisticated. Improving technology and transportation infrastructure in Vietnam significantly contributed to rapidly expanding and organizing modern retail channels throughout the entire country. However, the Stage of Growth Model (Rostow, 1960) is a historical model which states that the end result of retail evolution is derived from the historical phases of a country’s economic development.
However, the present study revealed that the online market has expanded rapidly and become a popular retail channel among Vietnamese consumers. At the time period of Rostow’s original model, e-commerce did not exist. Therefore, based on findings from this study, an adaptation of Rostow’s (1960) early Stage of Growth model is presented to further capture aspects of retail development in emerging economies such as Vietnam.

![Stage of Growth Model](image)

*Figure 5.1. Further development of the Stage of Growth Model*
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Appendix A. Interview and Survey Instrument

The purpose of this study is to gain an understanding of Vietnamese domestic apparel retail market and to assess the challenges and opportunities for small and medium enterprises (SMEs) in this market context. If you agree to participate in this study, your participation will include a brief survey and an individual interview lasting 1 to 1-1/2 hours. The interview will be audio taped for accuracy and all information provided will be kept in strict confidence.

Please read the following statements and respond to each question.

Part 1: Survey of Entrepreneur Background and Business Experience

This part will take only about 10 minutes of your time and consists of demographic and business experience questions such as your age, level of education, and type of your business. Please respond to each of the following questions.

1. Are you the owner/primary manager and chief decision maker of this business?
   _____ Yes
   _____ No
2. In what year were you born?
3. What is your gender?
   _____ Male
   _____ Female
4. What is the highest level of education you have received? (Please check one)
   _____ Less than high school
   _____ College graduate
   _____ High school graduate
   _____ Some graduate school
   _____ Some college
   _____ Completed graduate school
5. How long have you operated your business? ____________________________
6. What is the number of apparel retail stores are operated by your company? ____________________________
7. What is the type of your retail business? (check all that apply)
   _____ Small retail store
   _____ On-line business
   _____ Other (Please Specifically describe: _________________________________)
8. What types of apparel and other products do you offer to your customers?
9. Where is your business located? __________________________________________

10. How did you access sources of start-up funds and resources for your business? (check all that apply)
    ______ Bank Loan
    ______ Governmental Support
    ______ Personal Funds
    ______ Family/Friends Support
    ______ Foreign Investment
    ______ Other Sources (Please. Specifically describe: ____________________________)

11. Other than yourself, how many people did your business employ in fiscal year 2013?
    Full time ______
    Part Time ______

12. What was the approximate sales volume of your business in fiscal 2013?
    ______ Under $20,000       ______ $60,000 – 79,999
    ______ $20,000 - 39,999    ______ $80,000 – 99,999
    ______ $40,000 – 59,999    ______ $100,000 & up
Part 2. Survey Responses
Please read the following statements and select the number that best represents your opinion about the experiences by your firm (e.g., 1= very low/not important at all and 5=very high/very important).

1. What degree of competition does your firm experience in your market of operation in Vietnam from each of the following sources?

<table>
<thead>
<tr>
<th>Source Description</th>
<th>1 (not competitive at all)</th>
<th>2 (Low competitive)</th>
<th>3 (Moderate)</th>
<th>4 (High competitive)</th>
<th>5 (Very high competitive)</th>
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<tr>
<td>From other small and medium size domestic retailers</td>
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<td>From large domestic retailers</td>
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<td>From foreign retailers</td>
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2. How do you evaluate each of the following operating costs for your business?

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<tr>
<th>Cost Description</th>
<th>1 (Very low)</th>
<th>2 (Low)</th>
<th>3 (Moderate)</th>
<th>4 (High)</th>
<th>5 (Very high)</th>
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<tbody>
<tr>
<td>Cost to open a store</td>
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<tr>
<td>Renting (location)</td>
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<tr>
<td>Fixture and decoration</td>
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<tr>
<td>Advertising and promotion</td>
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<tr>
<td>Inventory costs</td>
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<tr>
<td>Transportation costs</td>
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<tr>
<td>Labor costs</td>
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<tr>
<td>Cost of interest rate on loan capital</td>
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<tr>
<td>Ordering or buying goods</td>
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<tr>
<td>Cost from shoplifting</td>
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</table>

<Source: Maruyam & Trung, 2012>
3. What is the current situation of manpower at your business in regard to each of the following areas?

<table>
<thead>
<tr>
<th>Area</th>
<th>1 (Very short)</th>
<th>2 (Short)</th>
<th>3 (Moderate)</th>
<th>4 (Abundant)</th>
<th>5 (Very abundant)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planning and strategy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Managers at middle level (store managers)</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Cash management</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Inventory control</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchasing and sourcing</td>
<td></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>Selling and Promotion</td>
<td></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>Sales staff</td>
<td></td>
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</tr>
</tbody>
</table>

<Source: Maruyam & Trung, 2012>

4. Which of the following, if any, reflect problems that your firm faces with logistics management?

<table>
<thead>
<tr>
<th>Problem</th>
<th>1 (Very low)</th>
<th>2 (Low)</th>
<th>3 (Moderate)</th>
<th>4 (High)</th>
<th>5 (Very high)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inventory costs</td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Planning and strategy</td>
<td></td>
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<td></td>
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<tr>
<td>Transportation costs</td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Delay on delivery of goods</td>
<td></td>
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</tbody>
</table>

<Source: Maruyam & Trung, 2012>

5. How often does your firm use each of the following technologies in your retail operation?

<table>
<thead>
<tr>
<th>Technology</th>
<th>1 (Very low level of usage)</th>
<th>2 (Low level of usage)</th>
<th>3 (Moderate)</th>
<th>4 (High level of usage)</th>
<th>5 (Very high level of usage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Telephone</td>
<td></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>Computer system for control and planning mechanism</td>
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<tr>
<td>Fax machine</td>
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<tr>
<td>Camera system</td>
<td></td>
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<tr>
<td>Point-of-sale system (POS) for control and planning mechanism</td>
<td></td>
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<tr>
<td>Online e-mail order</td>
<td></td>
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<tr>
<td>Customer reward point card</td>
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<td></td>
<td></td>
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<tr>
<td>Electronic Data Interchange (EDI)</td>
<td></td>
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</tbody>
</table>

<Source: Maruyam & Trung, 2012>
6. How much importance does your firm place on each of the following consumer demands in your present business strategy?

<table>
<thead>
<tr>
<th>Demand</th>
<th>1 (Not important at all)</th>
<th>2 (Low level of importance)</th>
<th>3 (Moderate)</th>
<th>4 (High level of importance)</th>
<th>5 (Very high level of importance)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Put more effort on consumer services</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Advertising and promotion</td>
<td></td>
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<tr>
<td>Improve shopping atmosphere</td>
<td></td>
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<tr>
<td>Choose good location</td>
<td></td>
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<tr>
<td>Focus more on consolidating current stores</td>
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<td></td>
</tr>
<tr>
<td>Fast expansion of store network</td>
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<tr>
<td>Improve quality and safety</td>
<td></td>
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<tr>
<td>Lowering cost and price</td>
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<tr>
<td>Increase variety of goods at stores</td>
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</tbody>
</table>

*Source: Maruyam & Trung, 2012*

7. What level of difficulty does your business face with the following issues?

<table>
<thead>
<tr>
<th>Issue</th>
<th>1 (Not difficult)</th>
<th>2 (Low level of difficulty)</th>
<th>3 (Moderate)</th>
<th>4 (High level of difficulty)</th>
<th>5 (Very high level of difficulty)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human resource management</td>
<td></td>
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<tr>
<td>Applying modern retail technology</td>
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<tr>
<td>Assess capital resource</td>
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<tr>
<td>Logistic management</td>
<td></td>
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</tr>
</tbody>
</table>

*Source: Maruyam & Trung, 2012*
Part 3: Interview Questions
Thank you for meeting with me today. We are here to discuss the challenges and opportunities for your business in the Vietnamese market setting. Could we please start by having you discuss a bit of background about your business? Could you briefly describe your business for me? For example, your products, services target market, strategies, how long have you been in business, how many employees you have, etc.)

** What are the competitive advantages for apparel retail small business owned by domestic Vietnamese entrepreneurs, based on the VRIO framework?

1) **Value?**
What kinds of valuable resource/capability (e.g., specific apparel items, capital, manpower, unique system, etc), which can be considered as strength of the company, is possessed by your firm?

2) **Rariness?**
Is control of the resource/capability in the hands of a relative few?

3) **Imitability?**
Is it difficult to imitate, and will there be significant cost disadvantage to your firm trying to obtain, develop, or duplicate the resource/capability?

4) **Organization?**
Is your firm organized its management systems, processes, policies, organizational structure and culture to achieve sustained competitive advantage?

RQ 1. How do small apparel retail stores owned by domestic Vietnamese entrepreneurs’ access capital resources?

1) Since your business began, have you received any kind of governmental support?
2) If yes, what kinds of governmental support has your firm received?
3) If yes, how did the governmental support help your business?
4) If no, how does your firm access the amount of funds required to operate your business?
5) How much do capital resources contribute to your business?

RQ 2. How do small apparel retail stores owned by domestic Vietnamese entrepreneurs use the beneficial abundance of manpower?

1) How does your firm recruit employees?
2) As you know, Vietnam has an abundance of manpower and cheaper labor cost. Do you think this labor market situation provides opportunities to small business entrepreneurs like you?
3) Does your firm have a specific employee training program? If yes, please explain.
4) How much does this manpower contribute to your business?

RQ3. What are the unique strategies of reducing transportation costs for small apparel retail business owned by domestic Vietnamese entrepreneurs?
   1) What do you think about the current transportation infrastructure in Vietnam?
   2) Do you think transportation infrastructure contributes to your business as far as the opportunities and capabilities are concerned?
   3) What type of logistics service is currently used by your firm? Please explain why you are using this logistic service?
   4) How much does transportation infrastructure contribute to your business?

RQ4. How do small apparel retail business owned by domestic Vietnamese entrepreneurs efficiently adapt to technology?
   1) How has technology aided you in your business development?
   2) Do you have any plans to upgrade your technology operation with more modernized equipment to help operate your business? If so, what types of technology are you planning to integrate into your business?
   3) Do you operate your own online store and/or social media networking to aid your business?
      If yes, how does this on-line and/or social media networking aid in your business development?
   4) How much does this technology infrastructure contribute to your business?

RQ5. How do small apparel retail stores owned by domestic Vietnamese entrepreneurs satisfy their consumer’s demand?
   1) Since your business began, how has apparel consumption changed in the Vietnamese retail market and how has this changed the way you do business?
   2) What is your customers’ primary reason for shopping at or patronizing your business?
   3) From your own experience, what aspects are influencing apparel consumption in Vietnam?
   4) Can you tell me about your expectations and predictions of domestic apparel consumption in Vietnam for entrepreneurial businesses in the future?

Summary questions
   1) Can you please talk about your ideas for below questions in regard to opportunities and challenges in the Vietnamese apparel retail market?
      a) Where do you source your products from?
      b) What percentage of your goods comes from domestic vs. import?
c) How does the Vietnamese market respond to dumping and Chinese brands in general?
d) Why do you think domestic Vietnamese apparel market has competitive advantages?
e) Do you think the domestic Vietnamese apparel market has opportunities for growth? Please explain.

2) Since Vietnam has joined WTO in 2007, Vietnam has turned out to be an internal open market which attracted lots of attention to outside investors. How does this impact your business?

3) Can you share with me any conflicts and/or challenges you have faced in your business?

4) Is there anything else you would like to add or discuss related to your performance and/or development in the Vietnamese domestic retail market?
Appendix B. Institutional Review Board Approval

Appendix B. Institutional Review Board Approval

Date: 4/2/2014
To: Jong Geun Lee
47A Schillerette Village
Ames, IA 50010

From: Office for Responsible Research

Title: Assessing the Challenges and Opportunities for Small and Medium Enterprises (SMEs) in the Vietnam Apparel Retail Market

IRB ID: 14-181

Study Review Date: 4/2/2014

The project referenced above has been declared exempt from the requirements of the human subject protections regulations as described in 45 CFR 46.101(b) because it meets the following federal requirements for exemption:

- (2) Research involving the use of educational tests (cognitive, diagnostic, aptitude, achievement), survey or interview procedures with adults or observation of public behavior where
  - Information obtained is recorded in such a manner that human subjects cannot be identified directly or through identifiers linked to the subjects; or
  - Any disclosure of the human subjects' responses outside the research could not reasonably place the subject at risk of criminal or civil liability or be damaging to their financial standing, employability, or reputation.

The determination of exemption means that:

- You do not need to submit an application for annual continuing review.

- You must carry out the research as described in the IRB application. Review by IRB staff is required prior to implementing modifications that may change the exempt status of the research. In general, review is required for any modifications to the research procedures (e.g., method of data collection, nature or scope of information to be collected, changes in confidentiality measures, etc.), modifications that result in the inclusion of participants from vulnerable populations, and/or any change that may increase the risk or discomfort to participants. Changes to key personnel must also be approved. The purpose of review is to determine if the project still meets the federal criteria for exemption.

Non-exempt research is subject to many regulatory requirements that must be addressed prior to implementation of the study. Conducting non-exempt research without IRB review and approval may constitute non-compliance with federal regulations and/or academic misconduct according to ISU policy.

Detailed information about requirements for submission of modifications can be found on the Exempt Study Modification Form. A Personnel Change Form may be submitted when the only modification involves changes in study staff. If it is determined that exemption is no longer warranted, then an Application for Approval of Research Involving Humans Form will need to be submitted and approved before proceeding with data collection.

Please note that you must submit all research involving human participants for review. Only the IRB or designees may make the determination of exemption, even if you conduct a study in the future that is exactly like this study.

Please be aware that approval from other entities may also be needed. For example, access to data from private records (e.g., student, medical, or employment records, etc.) that are protected by FERPA, HIPAA, or other confidentiality policies requires permission from the holders of those records. Similarly, for research conducted in institutions other than ISU (e.g., schools, other colleges or universities, medical facilities, companies, etc.), investigators must obtain permission from the institution(s) as required by their policies. An IRB determination of exemption in no way implies or guarantees that
permission from these other entities will be granted.

Please don't hesitate to contact us if you have questions or concerns at 515-294-4566 or IRB@iastate.edu.
INSTITUTIONAL REVIEW BOARD (IRB)
Exempt Study Review Form

Title of Project: Assessing the challenges and opportunities for small and medium enterprises (SMEs) in the Vietnamese apparel retail market

Principal Investigator [PI]: Lee, Jong Geun  
Degrees: Master

University ID: 454289836  
Phone: 319-400-9040  
Email Address: jonggmi2@iastate.edu

Correspondence Address: 47A Schilletter Village  
Ames IA 50010

Department: Apparel, education studies, and hospitality management  
College/Center/Institute: Human Science

PI Level:  
☐ Tenured, Tenure-Eligible, & NTer Faculty  
☐ Adjunct/Affiliate Faculty  
☒ Collaborator Faculty  
☐ Emeritus Faculty

☐ Visiting Faculty/Scientist  
☐ Senior Lecturer/Clinician  
☐ Lecturer/Clinician, w/Ph.D. or DVM  
☐ F&S Employee, P37 & above

☐ Extension to Families/Youth Specialist  
☐ Field Specialist III  
☐ Postdoctoral Associate  
☒ Graduate/Undergrad Student  
☐ Other (specify: )

FOR STUDENT PROJECTS (Required when the principal investigator is a student)

Name of Major Professor/Supervising Faculty: Linda Niehm

University ID: 83824741012  
Phone: 515-294-1930  
Email Address: niehmli1@iastate.edu

Campus Address: 1066 Lebaron  
Department:

Type of Project: (check all that apply)  
☒ Thesis/Dissertation  
☐ Class Project  
☐ Other (specify: )

Alternate Contact Person:  
Email Address:  
Correspondence Address:  
Phone:

ASSURANCE

☒ I certify that the information provided in this application is complete and accurate and consistent with any proposal(s) submitted to external funding agencies. Misrepresentation of the research described in this or any other IRB application may constitute non-compliance with federal regulations and/or academic misconduct.

☒ I agree to provide proper surveillance of this project to ensure that the rights and welfare of the human subjects are protected. I will report any problems to the IRB. See Reporting Adverse Events and Unanticipated Problems for details.

☒ I agree that modifications to the approved project will not take place without prior review and approval by the IRB.

☒ I agree that the research will not take place without the receipt of permission from any cooperating institutions when applicable.

☒ I agree to obtain approval from other appropriate committees as needed for this project, such as the IACUC (if the research includes animals), the IBC (if the research involves biohazards), the Radiation Safety Committee (if the research involves x-rays or other radiation producing devices or procedures), etc., and to obtain background checks for staff when necessary.

☒ I understand that IRB approval of this project does not grant access to any facilities, materials, or data on which this research may depend. Such access must be granted by the unit with the relevant custodial authority.

☒ I agree that all activities will be performed in accordance with all applicable federal, state, local, and Iowa State University policies.

Signature of Principal Investigator  
Date

Signature of Major Professor/Supervising Faculty  
Date

(Required when the principal investigator is a student)

☒ I have reviewed this application and determined that departmental requirements are met, the investigator(s) has/have adequate resources to conduct the research, and the research design is scientifically sound and has scientific merit.

☐ For IRB  
☒ Not Research Per Federal Regulations  
☐ No Human Participants  
Review Date: 4/2/14

Office for Responsible Research
Revised: 8/15/13
Exempt Study Information

Please provide Yes or No answers, except as specified. Incomplete forms will be returned without review.

Part A: Key Personnel

1. List all members and relevant qualifications of the project personnel and define their roles in the research. Key personnel include the principal investigator, co-principal investigators, supervising faculty member, and any other individuals who will have contact with the participants or the participants' data (e.g., interviewers, transcriptionists, coders, etc.). This information is intended to inform the committee of the training and background related to the specific procedures that each person will perform on the project. For more information, please see Human Subjects — Persons Required to Obtain IRB Training.

<table>
<thead>
<tr>
<th>NAME</th>
<th>Interpersonal contact or communication with subjects or access to private identifiable data?</th>
<th>Involved in the consent process?</th>
<th>Contact with human blood, specimens, or other biohazardous materials?</th>
<th>Qualifications (i.e., special training, degrees, certifications, coursework, etc.)</th>
<th>Human Subjects Training Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lee, Jong Geun</td>
<td>☒</td>
<td>☒</td>
<td>☐</td>
<td>P. I.</td>
<td>ISU Human Subjects Training Date 12/2011</td>
</tr>
<tr>
<td>Linda Niehm</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>CO- P. I./ Professor</td>
<td>ISU Human Subjects Training Date 11/2002</td>
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</tbody>
</table>
Please complete additional pages of key personnel as necessary.

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
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2. Does your study include children (persons under age 18) as research subjects?

If Yes, please read and respond to the following:

ISU policy requires that background checks be completed for all researchers and key personnel who will have any contact with children involved in this research project. Details regarding this policy can be found here. Principal Investigators and faculty supervisors are responsible for ensuring that background checks are completed BEFORE researchers or key personnel may have any contact with children. Records documenting completion of the background checks must be kept with other research records (e.g., signed informed consent documents, approved IRB applications, etc.) and may be requested during any audits or Post-Approval Monitoring of your study.

<table>
<thead>
<tr>
<th>Agreed</th>
<th>No</th>
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</table>

2.a. Please check here to indicate that you have read this information and agree that you will comply with these requirements.

---

Part B: Funding Information and Conflicts of Interest

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
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1. Is or will the project be externally funded?

If No, skip to question 8.

If Yes, please identify the type(s) of source(s) from which the project is directly funded.

- [ ] Federal agency
- [ ] State/local government agency
- [ ] University or school
- [ ] Foundation
- [ ] Other non-profit institution
- [ ] For-profit business
- [ ] Other; specify: ____

<table>
<thead>
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<th>Yes</th>
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2. Is ISU considered to be the Lead or Prime awardee for this project?

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
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3. Are there or will there be any subcontracts issued to others for this project?

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
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Office for Responsible Research
Revised: 8/15/15
Part C: General Overview

Please provide a brief summary of the purpose of your study:

The purpose of this study is to gain an understanding of Vietnamese domestic apparel retail market and to assess the challenges and opportunities for small and medium enterprises (SMEs) in the Vietnamese domestic apparel retail market.

Please provide a brief summary of your research design:

To gain an understanding of the Vietnamese domestic apparel retail market, this study will use a survey and a one-on-one interview with the Vietnamese entrepreneurs who own small apparel retail stores in Hochiminh City of Vietnam. Using snowball sampling (network sampling) technique, this study will obtain minimum 10 useable interviewees from domestic Vietnamese entrepreneurs who own small apparel retail stores. Descriptive statistics will also be used to analyze the demographic information.

---

Part D: Exemption Categories

Yes ☐ No ☑ 1. Are you conducting research on Educational Practices (e.g., instructional techniques, curriculum effectiveness, etc.)? If Yes, please answer questions 1a through 1e. If No, please proceed to question 2.

Yes ☐ No ☑ 1a. Will the research be conducted in an established or commonly accepted educational setting, such as a classroom, school, professional development...
<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
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<tbody>
<tr>
<td>1.b. Will the research be conducted in any settings that would not generally be considered to be established or commonly accepted educational settings? If Yes, please specify:</td>
<td></td>
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<tr>
<td>1.c. Will the research procedures and activities involve normal educational practices (e.g., activities that normally occur in the educational setting)? Examples include research on regular or special education instructional strategies or the effectiveness of instructional techniques, curricula, or classroom management methods.</td>
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<tr>
<td>1.d. Will the research procedures include anything other than normal educational practices? If Yes, please specify:</td>
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<tr>
<td>1.e. Will the procedures include randomization into different treatments or conditions, radically new instructional strategies, or deception of subjects? If Yes, please specify:</td>
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<tr>
<th></th>
<th>Yes</th>
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<tr>
<td>2. Does your research involve use of educational tests, survey procedures, interview procedures, or observations of public behavior? If Yes, please answer questions 2.a. through 2.b. If No, please proceed to question 3.</td>
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<tr>
<td>2.a. Will the research involve one or more of the following? (Check all that apply.)</td>
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<tr>
<td></td>
<td>The use of educational tests (cognitive, diagnostic, aptitude, achievement)</td>
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<td>Surveying or interviewing adults</td>
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<td></td>
<td>Observations of public behavior* of adults</td>
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<tr>
<td></td>
<td>Observations of public behavior* of children, when the researcher will not interact or intervene with the children</td>
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<tr>
<td>*Note: Activities occurring in the workplace and school classrooms are not generally considered to involve public behavior.</td>
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<tr>
<td>2.b. Are all of the participants elected or appointed public officials or candidates for public office?</td>
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<th>Yes</th>
<th>No</th>
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<tr>
<td>3. Does the research involve the collection or study of currently existing data, documents, records, pathological specimens, or diagnostic specimens? If Yes, please answer questions 3.a. through 3.b. If No, please proceed to question 4.</td>
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<tr>
<td>3.a. Are all of the data, documents, records, or specimens publicly available?</td>
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<tr>
<td>3.b. Will the data you record for your study include ID codes? If Yes, please answer 3.b.(1) and 3.b.(2).</td>
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</table>
Does a "key" exist linking the ID codes to the identities of the individuals to whom the data pertains?

Will any persons on the research team have access to this key?

Does your research involve Taste and Food Quality tests and Consumer Acceptance Studies involving food? If Yes, please answer questions 4.a. through 4.c. If No, please proceed to question 5.

Is the food to be consumed normally considered wholesome, such as one would find in a typical grocery store?

If the food contains additives, are the additives at or below the level normally considered to be safe by the FDA, EPA, or Food Safety and Inspection Service of USDA? Consider additives in commercially available foods found at a grocery store and/or any additives that are added to food for research purposes.

If there are agricultural chemicals or environmental contaminants in the food, are they at or below the level found to be safe by the FDA, EPA, or Food Safety and Inspection Service of USDA?

Is your study a research or demonstration project to examine
- Federal public benefit or service programs such as Medicaid, unemployment, social security, etc.; or
- Procedures for obtaining benefits or service under these programs; or
- Possible changes in or alternatives to those programs or procedures; or
- Possible changes in methods or levels of payment for benefits or services under these programs?

If Yes, is the research or demonstration project pursuant to specific federal statutory authority?

Does your research involve any procedures that do not fit into one or more of the categories in items #1–#5 listed above, such as the following? (Check all that apply.)

- Usability testing of websites, software, devices, etc.
- Collection of information from private records when identifiers are recorded
- Procedures conducted to induce stress, moods, or other psychological or physiological reactions
- Presentation of materials typically considered to be offensive, threatening, or
degrading

☐ Video recording or photographing non-public behaviors
☐ Use of deception (e.g., misleading participants about the procedures or purpose of the study)
☐ Physical interventions, such as
  ☐ blood draws
  ☐ new collection of biological specimens
  ☐ use of physical sensors (ECG, EKG, EEG, ultrasound, etc.)
  ☐ exercise, muscular strength assessment, flexibility testing
  ☐ body composition assessment
  ☐ measuring of height and weight
  ☐ x-rays
  ☐ changes in diet or exercise
☐ Tests of sensory acuity (i.e., vision or hearing tests, olfactory tests, etc.)
☐ Consumption of food (other than as described in #4) or dietary supplements
☐ Clinical studies of drugs or medical devices
☐ Other; please specify: _____

☐ Yes ☐ No 6. a. If Yes, is your research conducted in an established educational setting, and are the checked procedures part of normal educational practices given that setting? If Yes, please describe: _____

☐ Yes ☐ No 7. Do you intend or is it likely that your study will include any persons from the following populations? (Check all that apply.)
  ☐ Prisoners
  ☐ Cognitively impaired
  ☐ Children (persons under age 18)
  ☐ Wards of the State
  ☐ Persons who are institutionalized

7.a. If Yes, please describe how they will be involved and what procedures they will complete: _____

☐ Yes ☐ No 8. Will any of the following identifiers be linked to the data at any time point during the research? (Check all that apply.)
  ☒ Names: ☐ First Name Only ☒ Last Name Only ☐ First and Last Name
  ☒ Phone/fax numbers
  ☒ ID codes that can be linked to the identity of the participant (e.g., student IDs, medical record numbers, account numbers, study-specific codes, etc.)
  ☐ Addresses (email or physical)
  ☐ Social security numbers
  ☒ Exact dates of birth
  ☐ IP addresses
  ☐ Photographs or video recordings
  ☐ Other; please specify: _____

☐ Yes ☐ No 9. Is there a reasonable possibility that participants’ identities could be ascertained from any combination of information in the data? If Yes, please describe: Records identifying participants will be kept confidential to the extent permitted by applicable laws and regulations.
and will not be made publicly available. Therefore, numeric codes and pseudonyms for participants will be assigned throughout the reporting of findings in order to protect the participant’s anonymity. Upon completion of the study, all tapes and identifying information will be destroyed.

<table>
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<tr>
<th>Yes</th>
<th>No</th>
<th>10. Will participants’ identities be kept confidential when results of the research are disseminated?</th>
</tr>
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<tr>
<th>Yes</th>
<th>No</th>
<th>11. Could any of the information collected, if disclosed outside of the research, reasonably place the subjects at risk of any of the following? (Check all that apply.)</th>
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<td>□ Criminal liability</td>
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<td>□ Civil liability</td>
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<td>□ Damage to the subjects’ financial standing</td>
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<td>□ Damage to the subjects’ employability</td>
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<td>□ Damage to the subjects’ reputation</td>
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<th>Yes</th>
<th>No</th>
<th>12. Does the research, directly or indirectly, involve or result in the collection of any information regarding any of the following? (Check all that apply.)</th>
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<td>□ Use of illicit drugs</td>
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<td>□ Criminal activity</td>
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<td>□ Child, spousal, or familiar abuse</td>
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<td>□ Mental illness</td>
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<td>□ Episodes of clinical depression</td>
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<td>□ Suicidal thoughts or suicide attempts</td>
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<td>□ Health history</td>
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<td>□ History of job losses</td>
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<td>□ Exact household income other than in general ranges</td>
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<td>□ Negative opinions about one’s supervisor, workplace, teacher, or others to whom the subject is in a subordinate position</td>
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<td>□ Opinions about race, gender, sexual orientation, or any other socially sensitive or controversial topics</td>
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<td>□ Sexual preferences or behaviors</td>
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<td>□ Religious beliefs</td>
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<td>□ Any other information that is generally considered to be private or sensitive given the setting of your research; if so, please specify: ______</td>
</tr>
</tbody>
</table>

After completion of Parts A, B, and C of this application, please send the completed form to:

Institutional Review Board (IRB)
Office for Responsible Research
1138 Pearson Hall
Ames, IA 50011-2200

Data collection materials (e.g., survey instruments, interview questions, recruitment and consent documents, etc.) do not need to be submitted with this application.

If you have any questions or feedback, please contact the IRB office at IRB@iastate.edu or 515-294-4566.
Addendum
IRB ID 14-181
PI: Jong Geun Lee
IRB & PI Communication

1. Please describe how the survey will be conducted. Will it be online? Also, will any identifiable information be collected?

Jong Geun: Prior to face-to-face interview from each participants, the survey will be conducted with paper-based survey. I think there is not have any identifiable information in survey.

2. Please describe the types of questions that will be included in the survey and the types of questions that will be asked during the interview. Feel free to send us a copy of the survey and interview questions if that is easier.

Jong Geun: Please find attached file for your reference. I think you can easily understand about the whole process.

Part 1: Survey of entrepreneur background and business experience
Part 2: Survey Response
Part 3: Interview Questions

3. Is there a reason you need to collect identifiers with the surveys and interviews? Specifically, I am unsure of the need for birth dates. Please confirm which identifiers you plan to collect. Also, could you remove any identifiers or keys to identifiers along with the tapes prior to data analysis?

Jong Geun: I think that I made a mistake about the exact of birth date. This study just need to know the respondent’s age instead of the exact of birth date. In the interview process, there will not have any questions with regards to identifiers or keys to identifiers along with the tapes. In addition, there is not need to collect identifiers with survey and interviews, except. Part 1: Survey of entrepreneur background and business experience (demographic information). Records identifying participants will be kept confidential to the extent permitted by applicable laws and regulations and will not be made publicly available. Therefore, numeric codes and pseudonyms for participants will be assigned throughout the reporting of findings in order to protect the participant’s anonymity. Upon completion of the study, all tapes and identifying information will be destroyed.

[received by email 3/25/14 – rb]
Appendix C. Informed Consent Document

INFORMED CONSENT DOCUMENT

Title of Study: Assessing the challenges and opportunities for small and medium enterprises (SMEs) in the Vietnamese apparel retail market.

Investigators: Lee Jong Genn, Master Student
              Linda Niem, Professor

Phone: 1-319-400-9040          Email: jonggi2@iastate.edu
Phone: 1-515-294-1930          Email: niemlin@iastate.edu

This form describes a research project. It has information to help you decide whether or not you wish to participate. Research studies include only people who choose to take part—your participation is completely voluntary. Please discuss any questions you have about the study or about this form with the project staff before deciding to participate.

Introduction

The purpose of this study is to gain an understanding of the Vietnamese domestic apparel retail market and to assess the challenges and opportunities for small and medium enterprises (SMEs) in the Vietnamese domestic apparel retail market. Specifically, we are interested in the dynamic business performance of Vietnamese entrepreneurs who own small apparel retail stores in the Vietnamese retail market. You are being invited to participate in this study because you are meet the criteria for this study, including your business engaged in apparel retailing sector, classified as a small enterprise, independently-owned, and in operation for more than 3 years.

Description of Procedures

If you agree to participate in this study, your participation will include individual interview and survey lasting 1 to 1-1/2 hours. First, you will be asked to fill out a personal data sheet containing questions related to your age, level of education, and entrepreneur’s background information. You also will be asked to fill out a survey data sheet containing questions related to internal and external factors that influence your business performance. Finally, for the individual interview, you will be asked about your business experience related to internal and external factors that influence your business performance in the Vietnamese domestic apparel retail market. The interview may elicit emotional responses and you are free to decline to answer any question that makes you uncomfortable or you may choose to discontinue participation at any times.

Any information that is obtained in connection with this study and that can be identified with you will remain confidential. Numeric codes and pseudonyms will be assigned to your interview and personal data sheet so that you remain anonymous. Only the transcribers, who will be blind to your identity, and the researcher will hear the recorded interview tapes. All tapes and identifying information will be destroyed upon completion of this study. During the months following the interview, I may contact you to clarify information from the interview and to ask if you have any additional comments regarding the topic. Upon completion of the study, a summary report of collective findings will be sent to you.
Risks or Discomforts
No risks are anticipated in this study. Participants will be asked questions regarding their business’s experience in the Vietnamese domestic apparel retail market. You may answer any of the questions on a purely voluntary basis.

Benefits
If you decide to participate in this study, there will be no direct benefit to you. It is hoped that the information gained in this study will benefit to society because we are assessing the potential opportunities for domestic apparel entrepreneurs in Vietnam.

Costs and Compensation
You will not have any costs from participating in this study. If you participate in this study, you will be compensated with a VND 200,000 (approximately $10) gift card at the end of your participation in this study.

Participant Rights
Participating in this study is completely voluntary. You may choose not to take part in the study or to stop participating at any time, for any reason, without penalty or negative consequences. You can skip any questions that you do not wish to answer.

Confidentiality
Records identifying participants will be kept confidential to the extent permitted by applicable laws and regulations and will not be made publicly available. However, federal government regulatory agencies, auditing departments of Iowa State University, and the Institutional Review Board (a committee that reviews and approves human subject research studies) may inspect and/or copy study records for quality assurance and data analysis. These records may contain private information.

To ensure confidentiality to the extent permitted by law, the following measures will be taken: The data will only be stored in the researcher and supervisor’s personal computer with password protected files. If the results are published, your identity will remain confidential.

Questions
You are encouraged to ask questions at any time during this study.

- For further information about the study, contact the principal investigator or supervising professor.
  Principal investigator: Lee, Jong Gaun.
  Phone: 1-319-400-9040
  Email: jonggni2@iastate.edu

  Supervising professor: Dr. Linda Niehm.
  Phone: 1-515-294-1930
  Email: niehmulin@iastate.edu
If you have any questions about the rights of research subjects or research-related injury, please contact the IRB Administrator, (515) 294-4566, IRB@iastate.edu, or Director, (515) 294-3115, Office for Responsible Research, Iowa State University, Ames, Iowa 50011.

Consent and Authorization Provisions

Your signature indicates that you voluntarily agree to participate in this study, that the study has been explained to you, that you have been given the time to read the document, and that your questions have been satisfactorily answered. You will receive a copy of the written informed consent prior to your participation in the study.

Participant’s Name (printed) ________________________________

Participant’s Signature ________________________________ Date ________________________________
Appendix D. Refined Emergent Themes

1. VRIO Framework
   1.1. Variable resource
      1.1.1. Maintain good business relationship
         1.1.1.1. Business networking
         1.1.1.2. Sourcing export garment from manufacturers
      1.1.2. Price competitiveness
      1.1.3. Loyal customers
         1.1.3.1. Customer service
      1.1.4. Products specialty
         1.1.4.1. High quality
         1.1.4.2. Products variety
         1.1.4.3. Unique items
   1.2. Rarity
      1.2.1. Business relationship
      1.2.2. Products specialty
         1.2.2.1. High quality
         1.2.2.2. Products variety
         1.2.2.3. Unique items
      1.2.3. Easy to mimic business strategy (No rarity)
   1.3. Imitability
      1.3.1. Difficult to mimic internal factor
      1.3.2. Easy to mimic external factor
      1.3.3. Weakness of Copyright policy
   1.4. Organization
      1.4.1. No Organization Structure cause of small number of employees
      1.4.2. Benefits
         1.4.2.1. Incentive
         1.4.2.2. Higher salary
      1.4.3. Difficult and complicate to set up organization structure

2. Capital resource
   2.1. Governmental support
      2.1.1. No governmental support
      2.1.2. No informative to access governmental support
   2.2. Access to start-up funds
      2.2.1. Private fund
         2.2.1.1. Family or friends support
      2.2.2. High operating cost
      2.2.3. Bank loan
2.2.3.1. Complicate procedure to access bank loan
2.2.3.2. High interest

3. Human resource
3.1. Recruit employee
   3.1.1. Recommendation from friends or relatives
      3.1.1.1. To hire reliable worker (Trust/Integrity/Agility)
      3.1.1.2. Important personal background
      3.1.1.3. Not necessary over qualified employee
      3.1.1.4. Prefer lower salary workers
3.1.2. Labor Center service
   3.1.2.1. Don't trust Labor Center service
3.2. Current Vietnam’s labor market situation
   3.2.1. Labor cost on the rise
      3.2.1.1. Influence to operating cost
   3.2.2. Difficult to find qualified employees
      3.2.2.1. Abundant of Part-time workers
      3.2.2.2. Lack of skillful workers
   3.2.3. Abundant of manpower
3.3. Specific employee training program
   3.3.1. No specific training program
   3.3.2. Untrained before they begin employment

4. Transportation infrastructure
4.1. Current transportation infrastructure
   4.1.1. Improving transportation infrastructure
   4.1.2. Poor transportation infrastructure
      4.1.2.1. Limited number of transportation source
      4.1.2.2. Need improvement on railway
      4.1.2.3. Serious problem of traffic jam
      4.1.2.4. Deteriorated and narrow roads infrastructure
4.2. Transportation contribute to business
   4.2.1. Advantage for business
      4.2.1.1. Saving time and money for delivery goods
      4.2.1.2. Having more options for logistic service
      4.2.1.3. Increasing accessibility for customers
   4.2.2. Disadvantage for business
      4.2.2.1. Delay for delivery goods
4.3. Logistic service
   4.3.1. Shipping agent service

5. Technology infrastructure
5.1. Technology aid to business
  5.1.1. Employ in planning and management with retail technologies
    5.1.1.1. Business transactions are conducted over the phone
    5.1.1.2. Information technology (IT) helps to business management
    5.1.1.3. Control and planning mechanism with POS
    5.1.1.4. Camera system helps to reduce shoplifting
  5.1.2. Under-developing online market
    5.1.2.1. Increasing Social Network Service
    5.1.2.2. Facebook is the popular format of SNS in Vietnam

5.2. Online store/Social media network aid to business
  5.2.1. Benefits of E-commerce business
    5.2.1.1. Promotion and communication with consumers
    5.2.1.2. Increasing consumer's demand on online store
    5.2.1.3. Lower operating costs
  5.2.2. Disadvantage of online store
    5.2.2.1. Lack of manpower to control online store
    5.2.2.2. Time consuming
  5.2.3. Growth potential of e-commerce
  5.2.4. Increasing social network service

6. Apparel consumption
  6.1. Apparel consumption influence business
    6.1.1. Consumer prefer exporting apparel products
    6.1.2. Popular Chinese clothing in Vietnam due to cheap price
    6.1.3. Global fashion trend
      6.1.3.1. Increasing opportunity to access foreign brands
    6.1.4. Economic condition
      6.1.4.1. Special discounted price
      6.1.4.2. Increasing competition
      6.1.4.3. Increasing operating costs
    6.1.5. Quality-sensitive consumer
  6.2. Primary reason for shopping
    6.2.1. Meet to customer demand
      6.2.1.1. Good quality
      6.2.1.2. Provide good customer service
    6.2.2. Competitive advantage on price
  6.3. Aspects of influence apparel consumption
    6.3.1. Price of clothing
    6.3.2. Product’s quality
      6.3.2.1. Design
      6.3.2.2. Country of origin
    6.3.2.3. Fashion trend
6.3.3. Economic condition
   6.3.3.1. Unemployment rate
   6.3.3.2. Decreasing income
   6.3.4. Increasing attention of sustainability

7. **Opportunities and Challenges**

7.1. Respond to Chinese dumping brands
   7.1.1. Advantage of Chinese dumping apparel brand
      7.1.1.1. Cheaper price and good quality
      7.1.1.2. Dominated Chinese-made clothing in Vietnam
   7.1.2. Disadvantage of Chinese dumping apparel brand
      7.1.2.1. Boycott Chinese apparel products due to harmful materials
      7.1.3. Lack of governmental policy against Chinese dumping products

7.2. Competitive advantage of domestic apparel market
   7.2.1. Competitive advantage for clothing price
   7.2.2. Good performance on apparel manufacturing
      7.2.2.1. Improving quality
   7.2.3. Skillful workers and cheaper labor cost
   7.2.4. Increasing population
      7.2.4.1. Young consumer
      7.2.4.2. Increasing consumer's buying power

7.3. Opportunities for growth
   7.3.1. Need Governmental supports
      7.3.1.1. Eliminate deteriorate factors
   7.3.2. Good performance on apparel industry
      7.3.2.1. Improving quality
      7.3.2.2. Good performance on exporting
      7.3.2.3. Increasing domestic apparel brands
   7.3.3. Increasing attractive from outside investors

7.4. WTO influence
   7.4.1. Economic development
      7.4.1.1. Increasing employment rate
      7.4.1.2. Higher salary
      7.4.1.3. Spend more money to buy clothing
   7.4.2. Governmental policies
      7.4.2.1. Lower import tax
      7.4.2.2. Regulation on illegally imported clothes
   7.4.2. Increasing competition
   7.4.3. Increasing attention by foreign investors

7.5. Conflicts/Challenges
   7.5.1. Economic downturn
      7.5.1.1. Decreasing consumption
7.5.2. Increasing competition
   7.5.2.1. Apparel retail market is saturated
   7.5.2.2. Over supplying
7.5.3. Difficulty in management
   7.5.3.1. Lack of skillful workers
7.5.4. High operating cost
   7.5.4.1. Difficult access to external funds
   7.5.4.2. Financial problems
   7.5.4.3. High taxation