

Comments by Mr. Tran Qui Than  
on  
THE DEVELOPMENT OF AN ENTREPRENEURIAL CLASS IN VIETNAM

An Address by  
Dr. David Cole  
Assistant Professor of Economics, Vanderbilt University

at the  
American Friends of Vietnam Conference on  
Social Development and Welfare in Vietnam

Mr. Chairman, Ladies, Gentlemen and friends:

I wish to thank the Vietnam Project of Michigan State University, in particular Dr. Fishel, for having chosen me to comment on Dr. Cole's excellent paper. The reason, I guess, is that the study of entrepreneurship is within the scope of Business Administration, and the approach by a student in Business Administration would be complementary to the approach by Dr. Cole who is primarily an economist.

Since the Second World War attention has again turned to the concept of economic growth, first because of the emergence of the newly independent countries whose poverty is appalling, and second and more recently because of the challenge from Soviet Russia in the field of economic development.

And if economic growth is beginning to reoccupy a central position in economics, then the entrepreneur cannot be ignored. A paper dealing with the entrepreneurial aspect of the Vietnamese economy cannot be more appropriate.

\* \* \* \* \*

In Dr. Cole's paper entrepreneurial activities are not meant to be restricted within the private sector. Dr. Cole points out the opening of new opportunities created by the new structure of the government with its new functions and responsibilities, the opening of new opportunities created by the injection of the million refugees from the North, the opening of new opportunities created by the legal restriction upon the economic activities of the Chinese residents. And these opportunities would call for activities of an entrepreneurial nature. The opportunities are there within reach, and yet they are not fully exploited because of the scarcity of Vietnamese entrepreneurs and generally speaking because of the lack of entrepreneurial skill. Accordingly, Dr. Cole recommends, along with other measures, the subsidization of new entrepreneurs in the form of tax reduction, easy access to capital market, special exchange rates, monopoly privileges, etc..... All these measures are designed to attract and nurse new talents. This approach is essentially that of an economist. That business institution should be concerned with making money need not be elaborated. The bigger is the carrot offered, the greater will be the incentive. However, monetary inducement, though a necessary condition, is not by itself a sufficient one. In the Vietnamese society, money income has not always been considered as the strongest motivation; its ethic has never placed high valuation on business achievement. To give an example, if you run down the invitation list to cocktail parties which are numerous in the fashionable life in Saigon, you hardly spot the names of members of the business sector, but you would be surprised to see that the names of government officials dominate the list.

In Vietnam, business carries with it a certain degree of prestige only if you are manager of an important institution employing several score of people. If you are an average businessman with no university education, you can be sure you are near the lower end of the ladder. Even today the business of money making is still looked down upon by the society as a whole. In the 16th and 17th century Europe the entrepreneur was despised by the nobility and the intelligencia. The good life then implied "tilling the land which belongs to God and receiving the divine blessing of its fruits." In the 20th century Vietnam, the good life implies working for the government service and receiving the divine blessing of a poor salary but with high prestige. Perhaps I am a little exaggerating here, but it remains true that business as a profession has not yet received the social recognition and self respect achieved in America and Europe....Entrepreneurship cannot therefore easily flourish in the hostile conditions as existing in Vietnam today. In terms of recruitment, the absence of social toleration and social recognition would discourage the flow of strong wills and strong intellects into business careers.

The implication of an economist approach to the study of entrepreneurship is that businessmen in all cultures and countries now and throughout history have always behaved the same way. This approach is to be contrasted with another approach -- which I call the historical approach -- which tries to discover why a Vietnamese businessman of 1959 has the character that he has, operates in the manner which he does, why he behaves differently from Western businessmen, or for that matter from the Chinese businessmen. Here we are involved with time. We cannot understand the current businessman -- that is, the way he behaves as he does -- wholly in terms of current facts. In terms of current facts, we cannot explain why both Vietnamese and Chinese businessmen operate their business with rules of thumb, but that somehow the Chinese thumb has proved to be the better one. We cannot explain why the Chinese have certain qualities essential to being a good businessman and why the Vietnamese are known to be lacking those qualities or have them in a lesser degree.

The third approach -- which I call the Business Administration approach -- emphasizes on the managerial aspect and the instrumental qualities of business procedures and institutions. The three approaches -- that of the economist, of the historian and finally of the Business Administration scholar -- are, of course, complementary. With respect to the peculiar situation in Vietnam where much improvement can be achieved with better organizational skill, I am inclined to consider this Business Administration approach at least as important as the approach adopted in this paper.

Innovation is considered as the essence of entrepreneurial activities, but innovation is successful in the business world only if the institution introducing it is being effectively maintained. In an underdeveloped country like Vietnam, innovation is almost non existent. But to me, imitation of better ways of doing things and their adaption to local conditions together with their spread among governmental and business institutions would be as important for economic growth as the introduction of the far fetched innovations. Such a program cannot be carried out successfully unless Vietnam has a strong team of smart managers. The University of Pittsburgh's Bureau of Business Research shows that the single factor identified as the cause of all bankruptcies of small companies was poor management -- in particular, poor financial planning, poor sales management, poor general administration. If a Vietnamese businessman can manage successfully his enterprise, this achievement would be enough to give him many sleepless nights and probably a stomach ulcer, let alone the search for innovations.

I now end my brief comment by quoting Dr. Cole's words. "In the long run," he said, "some of the Vietnamese who are learning something about management may turn into entrepreneurs." I am glad that some importance is given here to the role of management which appears to be essential for the development of an entrepreneurial class. Let us hope that this long run will not be too long, for in the long run, to borrow Keynes' expression, we all are dead!