

FACTORS THAT INFLUENCE STUDENTS AT UNIVERSITY IN STARTING A BUSINESS

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ABSTRACT

Vietnamese government has many policies to encourage the students to start a business. However, in practice there are still many difficulties on the way to start a business and also many reasons that students are hesitant to start the business. In this study, the author attempts to identify the factors that influence the student's decision to start a business, and shows the role of institutions (i.e., universities) in orientation for student to start-up after graduation. Based on the research results, the author has proposed some recommendations to improve the confidence of the students in starting their business after graduation.

Keywords: Start a business, influence, factors, recommendations, institutions

INTRODUCTION

Entrepreneurship activities can be found in almost every corner in Vietnam. They have developed to countless number of forms and the diversity of scales that turn entrepreneurship into the driving force in the economy recently. During the past few decades, Vietnam government has focused on the economy which centralizes the role of state-run companies. They revoke the right of private sector, limit the open of market economy and prevent the development of entrepreneurship. After change economy reform in 1986, the entrepreneurial environment has witnessed a huge improvement. As a result, the role entrepreneurship has been recognized (Ho Sy Hung, 2009).

There have been few studies on the entrepreneurship and factors influence intentions of becoming entrepreneurs. In the field of entrepreneurial research, motivation factors which lead people to leave their comfortable zone, take financial risks, abandon the high income jobs to pursue their own business are always an interesting topic. Knowing more about factors affecting the entrepreneurship intention becomes necessary, especially in Vietnam context.

Universities play important role in nurturing and training entrepreneurs. Universities have been emphasizing their training focus, not just academics, but their communication and negotiation, team building, and human resource, problem-solving; crisis management, leadership skills and strategic thinking; including specific skills such as financial planning and cash flow management, new value creation and customer relationship management. Instead of the theoretical teaching, universities switched to teaching through experience, the goal is to help learners understand the thinking of starters and have the ability to choose best decisions in specific situation (Thanh Do & Anh Tuan, 2009).

Many researchers try to identify causes of entrepreneurship intention with thousands of literatures conducted over the past decades. The majority of them focus on related factors of entrepreneur, links personal characteristics or human capital with entrepreneurship intention. Some consider exogenous environment as one of the most important determinants of intentions to start a new business venture. And few of them concentrate on basic psychological components that cause the intention's formation. Moreover, in reality, many of entrepreneurial motivation factors have been studied by scholars in different cultures with diversity of aspects. It is proved that there are some differences in the way entrepreneurs implement their business and the formation of their entrepreneurship intentions across countries and regions (Nguyen Ngoc Nam, 2011). In addition, the study about decision making for starting up a business is still rare and at early stage. In recent years, young people are strongly encouraged to start up; however, not many people know what factors affect to decision whether they should create their own business.

This article shows factors influencing the students in starting a business in the economic and business administration institutions and businessmen who graduated from specified universities. From that, giving some recommendations to encourage students to start their business and prepare them with necessary knowledge to make them more confident to start up.

Objectives of the Study

The study sought to investigate the entrepreneurial mind setting of the business administration students in Ha Noi.

Specifically, this research aimed at achieving the following objectives:

1. Describe the profile of the respondents as to:
 - 1.1 Students, and
 - 1.2 Businessmen/entrepreneurs.
2. Determine the factors that influence the students in starting a business in terms of:

- 2.1 Market opportunities,
- 2.2 Capital,
- 2.3 Demand/necessities,
- 2.4 Experience,
- 2.5 Education/training,
- 2.6 Supply sources availability, and
- 2.7 Business related behavior.

RESEARCH METHODOLOGY

Locale of the Study

The study was conducted in five (5) universities in Hanoi namely Union University, National Economics University, Vietnam University of Commerce, Foreign Trade University, and Hanoi University of Science and Technology where the students of their last years and businessmen graduated from.

Population and Sampling

The population of this study was comprised of final year students with major in business administration and the businessmen who graduated from these universities, to wit Hanoi Foreign Trade University, Hanoi University of Science and Technology, National Economics University, Vietnam University of Commerce, and Union University in Hanoi.

The sets of questionnaires were randomly distributed to respondents in the five universities. The researcher intended to divide equally the number of survey distributed to final year students and businessmen at each university.

Instrumentation

The researcher used the pre-interview method as well as distributed a set of questionnaire. Based on the related studies and literatures as well as consult the experts, the author created questionnaire for this research. After draft of questionnaire was created, the author distributed it to 20 people (5 students, 5 businessmen, and 10 experts) for a pretest in order to eliminate vague words or question and make it easier to understand and be valid.

For the method of data analysis, the estimation method was employed in the study, the parameters to be estimated. For the purpose of verifying the scale, the researchers figured out the ratio between the number of samples needed and the number of parameters to be estimated, rather than a specific number of samples. For factor analysis, the sample size depends on the number of variables included in the factor analysis. It was suggested that the sample size should

be five times more than the number of variables. While Hoang and Chu (2008) claimed that the ratio is 4 or 5.

The process involves crafting the questionnaire, formulation process, contents of questionnaire, and variables and scales. In order to carry out the quantitative research, the author developed a questionnaire for the survey.

RESULTS AND DISCUSSION

This study reveals the presentation, analysis, and interpretation of the data gathered pertaining to the entrepreneurial mind setting of business administration students in Hanoi.

Respondents' Profile

Regarding the structure by the university, surveys were conducted in five (5) universities including National Economics University, Hanoi Foreign Trade University, Vietnam University of Commerce, Union University, Hanoi University of Science and Technology, from which students of final years and graduates who are entrepreneurs in economics and business administration studies at these five universities were investigated.

Profile of the Respondents

Table 1. Distribution of the Respondents in the Universities

University	Students		Businessmen	
	f	%	f	%
1. National Economics University	61	12.1	1	2.9
2. Hanoi Foreign Trade University	43	8.5	8	23.5
3. Vietnam University of Commerce	45	8.9	1	2.9
4. Trade Union University	279	55.5	23	67.6
5. Hanoi University of Science and Technology	75	14.9	1	2.9
Total	503	100	34	100

The collection process of questionnaire data as described in the design of the study resulted to 524 retrieved questionnaires including 201 hard copy responses and 323 online questionnaires. After checking, 21 were eliminated including those that lack important data, which the respondents did not think of or deliberately did not cooperate thus resulting to 503.

The results from the survey show that the number of students surveyed came mainly from Trade Union University (55.5%). The number of students surveyed ranked second and third from the Hanoi University of Science and Technology (14.9) and National Economics University (12.1%). The other two schools with the lowest percentage of students surveyed were Hanoi Foreign Trade University and Vietnam University of Commerce (about 9%).

Non-final-year students were excluded from the sample, so in the final sample for data processing, 97.2% of the subjects were final-year students preparing to graduate from universities in Hanoi (year 3 or year 4) and student with 5 years ago and succeeded.

Table 2. Distribution of the Students in terms of Gender

Gender	Students		Businessmen	
	f	%	f	%
Male	133	26.4	9	26.5
Female	370	73.6	25	73.5
Total	503	100	34	100

There are 370 female (73.6%) in the total of 503 questionnaires. Male accounts for only 26.4% of the respondents who completed the questionnaire. It shows that majority of the students in Economics and Business are females in contrast to the male population.

Regarding to the gender of the respondents, 26.4% are male and 73.6% are female. This disparity is due to the faculty of economics - Business Administration has many female students enrolled. It is the fact that in most of economic and business institutions, the major students are females. Male often enrolls most in construction and technology majors.

Factors Influencing Students in Starting a Business

Table 3. Factors Influencing the Students in Starting a Business in terms of Market Opportunity

Market Opportunity	N	Mean	Std. Deviation
1. Market demand is high	503	3.43	1.091
2. Your product/service has the potential to grow at your local area.	503	3.36	1.023
3. There are many supportive policies for start-ups from local government.	503	3.61	0.957
Average Weighted Mean		3.47	

The table above shows that the observation variable “There are many supportive policies for start-ups from local government” has an average value of 3.61, which is the highest factor in the MARKET factor. The other two observation variables, “Market demand is high” and “Your product/service has the potential to grow at your local area” have an average value greater than 3,0. This indicated that respondents seemed to disagree with the market opportunities. It can be discouraging for making decision to start a business.

The data was collected from 40 BBA students through structured and un-structured questions following with interview. Content analysis technique was performed to analyze the qualitative data. The results of the study indicated that lack of financial availability, lack of knowledge about franchise business, buying behavior, lack of work experience and unavailability of some reputed franchise brand resist students to choose franchise business as career. Furthermore, among classroom learning, lectures play vital role for student learning. The findings of this research will be helpful for the policy makers, entrepreneurs and educational experts to develop their strategies accordingly.

Table 4. Factors Influencing Students in Starting a Business as to Capital

Capital	N	Mean	Std. Deviation
1.You have the ability to accumulate capital	503	2.79	0.954
2. You can get loans from friends, family members	503	3.13	1.016
3. You can raise funds from other sources (banks, credit funds, start-up funds ...)	503	2.96	1.031
Average Weighted Mean		2.96	

In the CAPITAL group, the highest consensus was CAPITAL 3 with an average of 3.13 and the lowest consensus was CAPITAL 1 with the lowest mean value of 2.79. This shows that most people are not confident enough to mobilize capital to start a business. This is a big obstacle in making the decision to start a business. The reasons are that the respondents feel that they will face a lot of difficulties to obtain finance for starting and running business. Most of respondents are students and they do not have any mortgage to borrow loan from any financial institutions.

The model results show tendency of taking risk, need for achievement, education and environment for starting business, job security are statistically significant in determining the intention of students where except job security, variables are found positively related.

Table 5. Factors Influencing Students in Starting a Business as to Demand

Demand	N	Mean	Std. Deviation
1. You like to start a business if you have enough resources and opportunities	503	3.91	1.103
2. Becoming a business owner makes you very happy.	503	3.83	1.033
3. Your goal is to become a business owner	503	3.55	1.047
4. Your dream is to create your own business.	503	3.32	0.988

Average Weighted Mean	3.65
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Looking at the description of demand, it can be seen that most of the observation variables have a high mean (over 3.0). Especially, DEMAND1 (You like to start a business if you have enough resources and opportunities) has an average value of approximately 4. This shows that the demand is highly evaluated by respondents. The results indicated that the respondents agree that the demand that they see in the market is high. In fact, high demand will be very advantageous for anyone who wants to start a business.

By observing the table, it can be also suggested that the experience and knowledge of an individual business that accumulated (can be obtained from the business sales, exchange did before giving) will help them to better detect business opportunities with creativity and innovation increase confidence in a personal capacity.

Table 6. Factors Influencing the Students in Starting a Business in terms of Experience

Experience	N	Mean	Std. Deviation
1. You used to be the leader / deputy at school, class and in group.	503	3.67	0.996
2. You regularly sell products	503	3.72	0.934
3. You have ever worked for a (some) commercial business enterprise.	503	3.73	0.803
Average Weighted Mean		3.70	

Looking at the description of experience, it can be seen that the observed variables have high mean (over 3.5). All three items in experiences (EXP1, EXP2, EXP3) are highly appreciated by the students in their decision to start the business with the degree of agreement and fully agree over 60%. However, experience 2 (have ever selling product) have highest level of mean (=3.72). Not every student at the universities has experience at a position of leader or deputy of class, school, or group. However, everyone can sell a product that they believe it can bring profit.

The study of Kuckertz and Wagner (2010), Devonish, et al. (2010) and Susan (2008) have confirmed the activities related to the business of selling by individuals in the past, even from childhood, an individual affects the desired individual's adulthood. Activities and work was done

in the past, especially the experience related to business and can create for individual social capital. Social capital is an intangible asset of the business, is a source of information and resources as well as to create confidence in the members of the cooperative society network that entrepreneurs are members. Social capital of an individual from the work activities related to the business is a source of important information and can provide the necessary support when should impact positively on the confidence of the individual feasibility.

Table 7. Factors Influencing the Students in Starting a Business in terms of Education Program

Education Program	N	Mean	Std. Deviation
1. The school offers you but the knowledge of the business	503	3.03	0.973
2. The main school program equips you with the ability to start a career	503	3.03	0.899
3. The school offers orientation for business students (seminars, startup contests ...).	503	3.09	0.945
4. The school develops your skills and business skills	503	3.3	0.869
Average Weighted Mean		3.20	

All 4 EDU observations have an average value greater than 3.0. This shows that all 4 variables are highly valued by the respondents. Of those students, 45.5% agreed and fully agreed with the EDU4 observation variable and 60% agreed and fully agreed with EDU3. "The school offers orientation for business students (seminars, startup contests ...) ". This is in line with current training trends, giving learners an overview of theory and practice. It promotes entrepreneurial spirit in students because educational institutions are the ideal place to communicate creativity, innovative thinking, creativity, entrepreneurial innovation that does not bother entrepreneurs, member. Most respondents agree that education program bring them a lot of advantages, and this will encourage them to start their own business.

Table 8. Factors Influencing the Students in Starting a Business in terms of Supply Sources Availability

Supply Sources Availability	N	Mean	Std. Deviation
1. You can hire good human resources for starting and operating business.	503	2.13	1.012
2. You can choose good technology to doing business	503	2.17	1.123
3. There are plenty of local resources supplying for business.	503	2.14	1.076
4. There are available sources of information such as information about market, competition, law and regulation.	503	2.36	1.121
Average Weighted Mean		2.18	

From the statistics table described above, it can be seen that the SOURCES factor is not appreciated (the average value of observed variables is less than 3.0). It can be seen that available supply (SOURCES) of students is very low, the highest is SOURCES2 (technology resource). This is a good fit for the graduates whose relationships are limited, so there are a lot of resources that they do not know yet. Therefore, it is easy to understand that they may feel difficulty to access the available resources.

The findings of this study show that there is a gap between student entrepreneurs and non-entrepreneurs, it is economic core, and both students show a high motivation in individual core. The results are that there is a significant different motivation between student entrepreneurs and student non entrepreneurs. Financial support should be improved to university student in Indonesia in order to increase the number of student entrepreneurs.

Table 9. Factors Influencing the Students in Starting a Business in terms of Business Related Behavior

Business Related Behavior	N	Mean	Std. Deviation
1. Working in business is appreciated in your culture.	503	3	1.184
2. Your family and friends will support your business.	503	2.39	1.17
3. You are hardworking, risk-taking, and confident.	503	2.8	1.21
4. You have capacity to run a business.	503	2.47	1.225
Average Weighted Mean		2.67	

From the statistics table described above, the observation variables of Business related behavior factor are high (over 3.0). The most rated factor is behaviour 3 - You are hardworking, risk-taking, and confident, followed by behaviour 4 - You have capacity to run a business and the lowest behaviour 1 - Working as a businessman is appreciated in your culture. It can be seen that the subject matter of the decision whether to focus on the business or not depends very much on individual, they can become a talented businessman or not, not only the passion for the business is enough. They need to be knowledgeable, visionary, creative, able to communicate, have the ability to plan, teamwork, have courage, courage, willingness to take risks.

Table 10. Factors Influencing the Students in Starting a Business in terms of Decision in Starting a Business

Decision in Starting a Business	N	Mean	Std. Deviation
1. You decide to start your business right after graduation	503	3.03	0.809
2. You decide to start your business right after the experience	503	2.9	0.913

3. You decide to start your business right after you have enough capital.	503	3.41	0.892
Average Weighted Mean		3.11	

The results of DECISION 2 survey showed that the DECISION 2 observations were rated the highest (3.41) and the lowest were DECISION1 (2.9 mean). Thus, the students highly appreciated the decision to get the right DECISION after the experience (49.5% of students choose to agree and fully agree). Meanwhile, the number of students agreeing and fully agree with starting a business right after graduation only accounted for 24.3% (122 votes). The number of students fully agree that they will start a business after getting enough capital (DECISION3) accounted for 26.1% (agree and fully agree). This infers that capital plays a significant role on whether one will start a business.

Conclusion

1. Most of the students came from Trade Union University and are females, and subjects are final-year students preparing to graduate from universities in Hanoi and are likewise female.
2. The government has many policies to encourage the students to start a business. However, in practice there are still many difficulties on the way to start a business and also many reasons that students are hesitant to start the business. In this study, the author attempts to identify the factors that influence the student's decision to start a business, and shows the role of institutions (i.e., universities) in orientation for student to start-up after graduation.

Recommendations

Based on the conclusions, the researcher provided recommendations to increase level of confidence to decide to start a business:

For the students

Firstly, to start starting business students needed to capture the market demand, create business ideas, and draw a business plan.

Secondly, students need to cultivate resources, market opportunities and business behaviors to give students more motivation as well as to have a more objective view into the market and society at present.

Thirdly, every student needs to understand the importance of start-up business to themselves, their families and the whole society. The needs of each student will be the foundation for the future decision of start-up business if students always aspire, dream of passion, want to become successful in business.

For the Education and Training Institutions

Firstly, the training institutions must be clearly aware of their role in deciding on starting a business for students is an important. Training activities and practical experiences have a positive and direct impact on the students' decision making. Therefore, the off-campus training is to provide knowledge base, skills, enhance capacity of students, higher education also help shape the thinking, the living point of students preparing to set up business. The training institution must create the best environment for students, support for the development of personal ability, which promotes the entrepreneurial spirit of the young, orienting the students that learning is not just ants to work for other businesses that own to themselves.

Second, enhance practical application of teaching, teaching subjects related to business start-ups, practical learning methods, learning to work effectively with students, Use the methods of discussion, case study, business planning to free students to exploit business ideas breakthrough, new, reflect ideas in groups to form joint in the future. Universities should also allow students to approach businesses, join local businesses, and then revisit the business model, mechanism, scope and development of the business.

Third, bring subjects starting a business courses into universities. The research results clearly show the relationship between learning starting a business and the potential of starting a business. In the world, STARTING A BUSINESS courses are often included in the curriculum of many universities. Qualitative results also show that the students acquire many skills related to finding ideas, writing business plans and are excited when they are learning business.

At present, in Vietnam, not all schools in the business administration sector do not have any business courses. Therefore, in the coming time, universities should take courses in the field of biotechnology, which is also in line with the world trend. Moreover, Vietnamese universities should also think about the formation of specialized training courses in some business schools and business administration.

In conclusion, during the learning process of the students, the training institution plays very important role in shaping decision of starting a business. External training facility is a bridge between students and starting a business theory and practice; It is also a bridge between the students and successful business models, successful businesses of the students have the belief and motivation to promote the decision in starting a business.

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