

Understanding the Rise of Social Enterprises in Vietnam: Social Capital, Factors of Emergence and Policy Considerations

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ABSTRACT

Social enterprises are important contributors to Vietnam's socio-economic development, namely by providing services in such areas as health and education. While the state-managed Central Institute of Economic Management (CIEM) has recently acknowledged their presence and put forth related public policy suggestions, there remains a lack of related government policies and sparse literature exploring the emergence of social enterprises. This thesis therefore aimed to enrich the literature and help inform potential government policy decisions by exploring possible explanations for social enterprise emergence in Vietnam, and examining the perceptions of social enterprises regarding related potential state policies. An analysis based on both qualitative and quantitative data, in conjunction with social capital theory and theoretical explanations for social enterprise emergence (Teasdale 2011), suggested that levels of social capital are not conducive to the rise of social enterprises in Vietnam, while the state's failure to adequately address its population's socio-economic needs was a primary explanation for social enterprise emergence. The CIEM's policy suggestions were also found to be strongly correlated with the expressed needs of Vietnamese social enterprises, indicating that these suggested policies are contextually relevant and their implementation could enable social enterprises to further address government shortcomings in meeting the country's development needs.

Keywords: Social Enterprise, Vietnam, Rise, Emergence, Policy, CIEM, State Failure, Social Capital.

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"I may not have gone where I intended to go, but I think I have ended up where I needed to be."

(Douglas Adams)

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ACRONYMS

CIEM: Central Institute of Economic Management (Vietnam)

CSIP: Center for Social Initiatives Promotion (Vietnam)

HDI: Human Development Index

SE(s): Social Enterprise(s)

SEship: Social Entrepreneurship

WVS: World Values Survey

ABBREVIATIONS

Spark Center: The Center for Social Entrepreneurship Development in Vietnam

1. INTRODUCTION

1.1. OVERVIEW

Over the past few decades, Vietnam has undergone profound socio-economic changes under the auspices of its Doi Moi economic reforms. Whether it be in terms of strong and rapid GDP growth or a significant rise in rates of human development, Vietnam's progress in recent times is clearly visible and well-documented (WB 2011; UNDP 2011). Nevertheless, many development challenges remain, such as high economic growth in the face of limited progress in the health and education sectors, as well as rising inequities in incomes and access to social services (UNDP 2011). In the backdrop of these difficulties, organizations using business models to fulfill a primarily social mission, also known as social enterprises, are arising and functioning as providers of various forms of social goods. As of 2011, there were 167 identified social enterprises operating across the country and providing services in such fields as health and education (CSIP 2011: 13; CIEM 2012: 25). Despite their provision of social capital and therefore contributions to the country's socio-economic development, however, social enterprises in Vietnam continue to face a number of barriers, including a lack of related government support policies.

1.2. AIM AND RESEARCH QUESTIONS

The available literature on social enterprises in the Vietnamese context principally focuses upon the key characteristics of social enterprises, their contributions to socio-economic development, and recommendations for their future development. With regards to the latter issue, current discussions on social enterprises in Vietnam include potential government policies which could further facilitate the development of social enterprises through formal recognition and related legislation. This includes social enterprise institutionalization policy suggestions put forth by Vietnam's state-managed Central Institute of Economic Management (CIEM) in a recent report (CIEM 2012). However, currently lacking in the literature is an exploration of the role of social capital in the contemporary rise of social enterprises in Vietnam, in order to better understand why social enterprises are emerging in the Vietnamese context. Furthermore, key factors which have led to the rise of social enterprises in Vietnam, and to what extent social enterprises have arisen due to state failure in adequately addressing the country's socio-economic development needs, thus far remain unexplored. The aim of this thesis is therefore to contribute to the current literature on social enterprises in Vietnam and shed more light on issues (e.g. social capital and state failure) which could be taken into consideration when it comes to state policy formulation.

1.2.1. PRIMARY RESEARCH QUESTION

To what extent have considerations of social capital and state failure contributed to the emergence of social enterprises (SEs) in Vietnam?

1.2.2. SUB-QUESTIONS

- 1) Taking into consideration social capital theory, how has trust in people and the state contributed to the contemporary rise of SEs in Vietnam?
- 2) Taking into consideration Teasdale's (2011) explanations for the rise of SEs, to what extent have SEs in Vietnam emerged in response to state failure in adequately addressing the country's socio-economic development needs, and what does this tell us about related potential government policy formulation?
- 3) How do social enterprises in Vietnam perceive related state policy suggestions put forth by the Central Institute of Economic Management (CIEM), the main policy think tank for the Vietnamese Ministry of Planning and Investment?

1.3. THESIS DISPOSITION

The above-mentioned main research question, and related sub-questions, are examined in this thesis through the use of both qualitative and quantitative data from the World Values Survey (WVS), personal interviews, and an e-survey. The collection and selection of this data, as well as related limitations and methodological considerations, are outlined in the upcoming methods and methodology section. In order to provide a measure of understanding of the overall context surrounding social enterprises in Vietnam, the thesis then delves into a background section on Vietnam's socio-economic development and how this relates to the work of the country's social enterprises. Subsequently, an overview of the development of social enterprises across various regions of the world from a conceptual and legislative standpoint is provided, with the purpose of understanding how Vietnamese social enterprises fit within the wider related global context. After painting this broad picture of the emergence of social enterprises in Vietnam and related developments around the world, the thesis then focuses on a theoretical framework consisting of social capital theory and state failure, with the latter being explored as one of four key theoretical explanations provided by Teasdale (2011) for the emergence of social enterprises: state and market failure, resource dependency theory, institutional theory, and voluntary failure. Next comes the presentation of data, followed by an analysis connecting data with theory. Finally, the concluding section provides a summary of key findings followed by closing remarks.

2. METHODS AND METHODOLOGY

The section begins with methodological considerations such as the author's positionality and worldview, followed by an exploration of the chosen research methods and related limitations. The selected research methods consist of quantitative data from the World Values Survey, and a mix of qualitative and quantitative data collected from personal interviews and an e-survey conducted by the author. Finally, the section concludes with some general limitations regarding the overall scope of the thesis.

2.1. METHODOLOGICAL CONSIDERATIONS

2.1.1. POSITIONALITY

The concept of social enterprise can be considered to be coming to Vietnam from the "outside", as previous research on social enterprises has been largely produced in the Western hemisphere (Granados et al. 2011). Thus, as a researcher, the author can be considered to be probing into concepts and theories which have been largely conceived and developed outside the Vietnamese context. With the author being a "first-world" researcher, the question then arises: Does the author's research impose Western ideals or values upon social enterprises in Vietnam through the use of Western-based concepts and theories? This is a concern akin to what Spivak categorizes as academic cultural imperialism, whereby researchers "see themselves as transforming 'raw facts' or 'information' gathered from the South into [knowledge]" (Kapoor 2004: 633) through the prioritization of theory, therefore placing Western-based academia in a central position.

However, while the author's research admittedly draws upon a largely western understanding and related theorization of social enterprise, it also seeks to integrate a burgeoning Vietnamese approach by considering the work of national/local organizations in the field of social enterprise. This is reflected in the research methods selected by the author, which rely on feedback from Vietnamese respondents and Vietnamese social enterprise representatives. Thus, the author attempts to mitigate the risk of academic cultural imperialism to the extent possible by focusing on Vietnamese perspective in the data selection and collection. Furthermore, perhaps being of Vietnamese origin himself and therefore being familiar with the Vietnamese culture and values serves to mitigate (though certainly not eliminate) to some extent the Western bias in the author's research. Finally, by conducting semi-structured interviews and including open-ended qualitative questions in the e-survey, the author has also sought to leave as much room as possible for context-specific considerations and explanations which might not necessarily reflect the chosen theoretical framework or intended research direction.

2.1.2. WORLDVIEW

Considering the author's choice to use a mixed-methods strategy of inquiry - utilizing both personal interviews and a mixed qualitative/quantitative e-survey - the author's ontological and epistemological standpoints do not fall in line with any typically qualitative or quantitative methodology. Rather than having a primarily post-positivist worldview which falls more typically under the banner of quantitative

research or holding a mainly social constructivist worldview which is largely associated with qualitative research, author's mixed-methods approach reflects more of a pragmatic worldview.

The pragmatic worldview builds from the research problem and uses methods and philosophies best suited to investigating that problem, rather than building research upon a single type of ontological and epistemological standpoint or a given research method. As Creswell (2009: 10) explains:

"Pragmatism is not committed to any one system of philosophy and reality. This applies to mixed-methods research in that inquirers draw liberally from both quantitative and qualitative assumptions when they engage in their research."

In sum, the author holds a pragmatic worldview which allows him to draw liberally upon both qualitative and quantitative research methods to explore the research problem at hand.

2.1.3. RESEARCH DESIGN

Based on his pragmatic worldview, the author uses a mixed-methods approach to his research, utilizing both qualitative and quantitative data. More specifically, the author uses quantitative data from the World Values Survey (WVS), as it contains variables considered highly suitable for exploring social capital theory. The author also uses qualitative data collected from personal interviews with social enterprise representatives¹, which is then expanded upon using a mix of qualitative and quantitative data from an e-survey, for the purpose of exploring state failure within Teasdale's (2011) theoretical explanations for the emergence of social enterprises. According to Creswell (2009: 14), this latter approach can be identified as a sequential mixed methods strategy, whereby "the researcher seeks to elaborate on the findings of one method with another method." While the thesis first explores the WVS data, followed by the personal interview and e-survey data, this order of methods was simply selected for analytical convenience and does not reflect a prioritization of any research method over another.

2.2. DATA SELECTION: WORLD VALUES SURVEY

2.2.1. OVERVIEW

Despite the difficulty of measuring social capital, which is defined as "connections among individuals - social networks and the norms of reciprocity and trustworthiness that arise from them" (Putnam 2000: 19), one measurement commonly used in the literature is the level of trust between people of a given population as provided by the World Values Survey (WVS) (Halpern 2005: 33). The WVS is a "worldwide investigation of sociocultural and political change [...] conducted by a network of social scientists at leading universities all around the world" (WVS 2012). There have been a number of "waves" of the WVS since 1990, with each wave being conducted internationally by social scientists over a 2-3 year time frame, with a few years interval between each wave (WVS 2012). The author believes that the WVS is an appropriate source of data for the exploration of the thesis topic, for the key reasons that it is a comprehensive survey recognized for its reliability, is widely acknowledged in academia, and contains

¹ This refers to both social enterprises and organizations involved in social enterprise research or promotion.

variables related to social capital theory. The author has thus selected relevant data from the 2006 survey, one of two waves of WVS covering Vietnam (2001 and 2006). The author has chosen to rely on the latter 2006 survey because of the inclusion of more relevant variables².

The original data for the 2006 WVS in Vietnam was collected by the Institute of Human Studies from the Vietnamese Academy of Social Sciences, through face-to-face interviews with 1495 individuals out of sample of 1584 (i.e. response rate of 94%) (WVS 2006). The data, collected from respondents aged 18 and above using a questionnaire consisting of 259 questions, is also both geographically and gender representative (WVS 2006). Among the various questions covered in the WVS, there are three specific variables (outlined in Table 1 below) which correspond to three categories of trust relevant to this thesis: trust in people, trust in government, and trust in third sector organizations. The category of trust in people is represented by variable V23 and included here to provide an overview of general levels of social capital among the population of Vietnam. Trust in government, represented by variable V138, aims to provide an understanding of the general levels of trust people have in the state, including trust in its ability to address the population's socio-economic needs. Finally, the category of trust in the third sector, which helps to supply a measure of trust in social enterprises and is represented by variable V145, was selected in order to have a point of comparison for trust in the government and provide additional insights into possible explanations for the emergence of social enterprises.

Category of trust	Label	Variable
Trust in people	V23	Generally speaking, would you say that most people can be trusted or that you need to be very careful in dealing with people?
Trust in government	V138	...could you tell me how much confidence you have in... The government (in your nation's capital)
Trust in third sector organizations	V145	...could you tell me how much confidence you have in... Charitable or humanitarian organizations

Table 1. Categories of Trust and Relevant WVS Variables (WVS 2005)

2.2.2. LIMITATIONS

While WVS is a well-recognized and widely cited source of data on various socio-economic and political issues worldwide, one key limitation to its use in this thesis is that it has been designed and conducted independently from the thesis's aim and research questions. In other words, the variables selected from the 2006 wave of the WVS in Vietnam may not directly correspond to the focus of this thesis, but have rather been chosen as close approximations of the research focus. For instance, the WVS does not specifically explore the levels of trust in the state's ability to provide social services to the Vietnamese population, so a more general variable exploring "trust in government" (V138) has been selected as most in line with this issue. Likewise, the WVS also does not particularly examine the level of trust in social enterprises to deliver social services which fall within the scope of the state's activities or

² More specifically, variable V145, which measures confidence in charitable or humanitarian organizations and is used here to represent trust in third sector organizations, is only included in the 2006 survey (WVS 2005).

mandate, and the variable exploring the category of "trust in third sector organizations" (V145) was selected as best encompassing trust in social enterprise organizations, albeit from the wider angle of the third sector. Overall, though the WVS does not represent an ideal source of data for this thesis, the author believes that it does contain variables which are sufficiently related to the thesis focus. Furthermore, data from the WVS demonstrates a high level of representativeness of the Vietnamese population as well as a large sample size which would have been difficult for the author to replicate.

When it comes to validity and reliability, the variable of "trust in government" (V138) is can be seen as problematic for the Vietnamese context. Considering that Vietnam is a one-party state which does not tolerate political dissent or criticism of the government by its population (HRW 2012), it would be reasonable to expect that the data pertaining to this variable could have a strong bias in favour of the government (i.e. a significant proportion of respondents reporting a high level of trust in the government). Since such potential bias in respondent's answers with regards to trust in government is inherent to the national political environment and therefore cannot be entirely avoided or eliminated, it can best be mitigated by being aware of it and taking it into consideration during the later interpretation and analysis of the data.

2.3. DATA COLLECTION: PERSONAL INTERVIEWS

2.3.1. OVERVIEW

In a preliminary exploration of the emergence of social enterprises in Vietnam, the author conducted 6 semi-structured personal interviews with representatives from various social enterprise organizations across three different cities and towns in Vietnam (as described and illustrated in Table 2 and Map 1 below). The author chose to conduct personal interviews because they allowed him to explore the perspectives of social enterprise organizations (via selected representatives) on wide range of issues in a neutral manner and ask follow-up questions and probes in an ad-hoc fashion (Mack et al. 2005: 29). With the author conducting the personal interviews during the early stages of the thesis research, when the theoretical framework had not been fully decided upon, these interviews served to explore related issues and further refine the research topic. While conducting focus groups would have also been desirable for both exploring variety and identifying group norms within the sample population in a short time (Mack et al. 2005: 52), scheduling difficulties rendered this impractical.

Each personal interview generally lasted between 1 to 1.5 hours and was conducted in a semi-structured manner with the use of a 7-point questionnaire (see Appendices 1 & 2 for questionnaires), and the interviews took place between 15 November-14 December, 2012. All interview participants provided full oral consent for the interviews (see Appendix 3 for consent form), which included having the interviews recorded with the use of an audio recorder. The participants all held senior-level positions in their respective organizations, and therefore were in a suitable position to represent and speak on behalf of their organizations. In sum, the purpose of these interviews was to gain a better understanding of the realities "on the ground" in order to further refine and narrow down the author's research on social enterprises in Vietnam, during a period when the theoretical framework was in its formulation stage.

	Organization	Date	Location
1	ID International Education	15 November, 2012	Hanoi, Vietnam
2	Center for Social Initiatives Promotion (CSIP)	20 November, 2012	Hanoi, Vietnam
3	Sozo Centre	28 November, 2012	Ho Chi Minh City, Vietnam
4	Will to Live Centre (WTLC)	6 December, 2012	Hanoi, Vietnam
5	Sapa O'Chau	11 December, 2012	Sapa Town, Vietnam
6	Hoa Sua School for Disadvantaged Youth	14 December, 2012	Hanoi, Vietnam

Table 2. Social Enterprise Organizations Represented in the Personal Interviews

Due to a lack of access to a comprehensive database for social enterprises in Vietnam, the author selected the interview participants through non-probability and snowball sampling³, relying primarily on word of mouth and internet searches. In this case, snowball sampling was used for the purpose of finding and enlisting potential respondents that were hard to reach and "not easily accessible [...] through other sampling strategies" (Mack et al. 2005: 5-6). A total of 16 social enterprise organizations in Vietnam were contacted, but only 6 of those who responded were available or willing to be participate in the interview process, resulting in a participation rate of 37.5% (6 participants out of a total sample of 16). With the exception of one interview conducted with the assistance of a Vietnamese-English interpreter, all other interviewees spoke English and the interviews were conducted in English.



Map 1. Number of Personal Interviews in Vietnam by Location (North to South: Sapa, Hanoi, Ho Chi Minh City)⁴

³ Snowball sampling is defined by Mack et al. (2005: 5-6) as a sampling method whereby "participants or informants with whom contact has already been made use their social networks to refer the researcher to other people who could potentially participate in or contribute to the study."

⁴ Unedited map obtained from: <<http://www.vietnambudgettour.com/webplus/viewer.asp?pgid=3&aid=116>>.

2.3.2. LIMITATIONS

One noticeable limitation to the personal interviews conducted was the small sample of participants. This can be partly attributed to the author's lack of contacts and access to networks or information within the Vietnamese social enterprise sector at the beginning of the research endeavor. As mentioned above, since there was no comprehensive database of social enterprises in Vietnam accessible to the public, the author had to rely primarily on personal connections and web searches. While such non-probability and snowball sampling is not ideal, it is an approach commonly relied upon when there is a lack of knowledge on those who are included in the population (Scheyvens and Storey 2003: 42). In the end, the author deems this sample size as sufficient enough to be used for the purpose of analysis in conjunction with further data collected later through an e-survey with a larger sample.

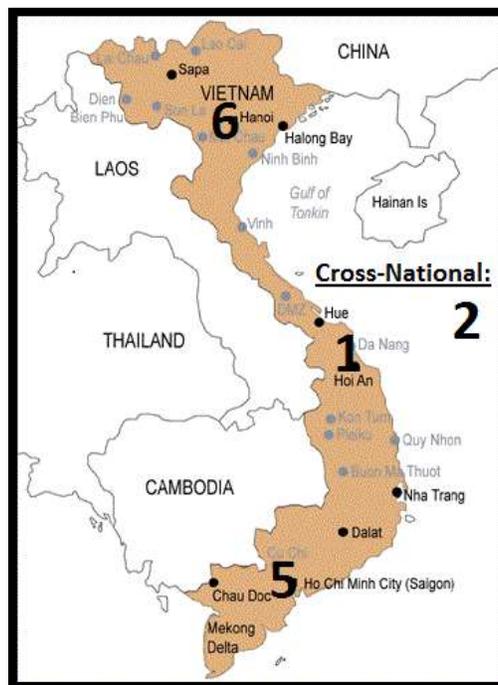
Regarding the quality or validity of the interview data, one concern could be that since most interviews were conducted in English despite the respondents being native Vietnamese speakers, there is a risk that the interview participants may have been limited in their capacity to fully understand or respond to interview questions. This potential challenge was addressed to the extent possible by author ensuring beforehand that the participants were comfortable conducting an interview entirely in English and confirming that they fully understood the questions being posed through the interview. Finally, the geographical concentration of interview participants in Hanoi as opposed to other parts of Vietnam is in accordance of the CSIP's (2011: 12-13) finding that the over 40% of all Vietnamese social enterprises identified are located in Hanoi - the largest concentration of social enterprises in one single area.

2.4. DATA COLLECTION: QUALITATIVE-QUANTITATIVE E-SURVEY

2.4.1. OVERVIEW

The next step in the author's data collection was a mixed qualitative-quantitative e-survey sent to a wide number of social enterprise organizations across Vietnam. The author chose to conduct an e-survey for further data collection as it offered the practicality of reaching a larger sample of respondents and collect a greater volume of data without the impracticalities of geographical or significant time constraints associated with other forms of data collection. Moreover, the use of an e-survey also helps to strengthen the analysis by providing the opportunity to check for discrepancies in the data collected earlier through personal interviews. The e-survey (see Appendix 4 for an English copy of the questionnaire) consisted of a total of 31 questions, divided according to four main sections: general information, the rise of social enterprises in Vietnam, government support policies, and conclusion. The *general information* section sought to identify respondent demographics (e.g. location, area of operation) and contained a question to tentatively identify social enterprises according to the CSIP's key 7 characteristics for social enterprises in Vietnam. The section on *the rise of social enterprise in Vietnam* contained questions related to the Teasdale (2011) theoretical framework of four key explanations for social enterprise emergence, including state failure. The next section on *government support policies* sought to identify possible priorities for potential government policies on social enterprises in Vietnam, based on the related policies suggested by the CIEM. The final *conclusion* section of the e-survey simply inquired if the respondent would be willing to be contacted should further questions arise.

The questionnaire was designed online as a *Google form* and sent out by email to a sample of 37 potential respondents. As was the case for the personal interviews, the potential respondents were selected using non-probability and snowball sampling. The sample of potential survey respondents was put together primarily through word of mouth and internet searches, and grew to include contacts suggested by the interviewees from the personal interviews and social enterprises identified as beneficiaries of the CSIP or Spark support programs. Furthermore, the author was able to expand his list of potential survey participants thanks to contacts made while attending the 2012 Social Enterprise Awards hosted in Hanoi by the CSIP on December 14th, 2012. The CSIP also played an important role by disseminating the e-survey among its network of social enterprises. The e-survey was conducted between February 25th - March 12th, 2013, with a response rate of 37.8% (14 respondents out of a total sample of 37), which is similar to the participation rate for the personal interviews. The respondents represented social enterprise organizations from across Vietnam, as illustrated in Map 2 below.



Map 2. Number E-Survey Respondents in Vietnam by Location (Geographical Scope: North, Central, South and Cross-National)⁵

2.4.2. LIMITATIONS

The inclusion of state failure as a potential explanation for the emergence of Vietnamese social enterprises in the e-survey can be considered as problematic, since people may be more likely to respond in favor of the state due to Vietnamese state's intolerance for dissenting opinions on the government (HRW 2012). Although this challenge may be seen as inherent to the country's current

⁵ Unedited map obtained from: <<http://www.vietnambudgettour.com/webplus/viewer.asp?pgid=3&aid=116>>.

political environment as a one-party state with limited freedom of expression (Freedom House 2012), it was mitigated to the extent possible by the author's re-wording of state failure in more politically-neutral terms (while maintaining its essential meaning) for use in the e-survey. For instance, a question relating to the creation of social enterprises due to state failure was formulated as the creation of social enterprises "in order to complement government efforts to provide social goods or services to the population" (question 6 in the e-survey). While such use of indirect language is not ideal, it was deemed by the author as a reasonable approach which can serve to limit the potential bias in the data collection without detracting from the meaning of the concept at hand. In light of the sensitivity of this concept, the author has also chosen not to disclose the names of the e-survey respondents in this thesis.

While the total sample of participants in the e-survey represents a small fraction of the 167 social enterprises identified in the literature (CSIP 2011: 13), the author believes that the areas of social enterprise activities covered by the respondents are sufficiently representative of the population. For instance, the social enterprise organizations represented in the responses cover all three major areas of operation identified in the CIEM's report on social enterprises in Vietnam: education and training, arts and crafts, healthcare (CIEM 2012: 25, based on CSIP 2011). Finally, it is important to note that the e-survey seeks to explore potential government policies from a social enterprise perspective by asking respondents to provide feedback on the policies suggested by the CIEM (as illustrated later in Figure 4). In order to mitigate the possible concern of a pro-government bias in the potential policies explored (which are based on a publication from the state-managed CIEM), the e-survey also provides room for the respondents to identify other policies which they would deem important or useful for the further development of social enterprises in Vietnam. In such wise, both the state and social enterprise perspectives are explored in this thesis when it comes to related policy considerations.

2.5. OTHER LIMITATIONS

In addition to the limitations for the methods outlined above, it is also important to note that the thesis as whole is also subject to two main limitations related to the research scope. Firstly, while the author explores the *perception* of potential government policies pertaining to social enterprises in Vietnam, he does not focus on the *implementation* of suggested policies, which would require further research that simply falls beyond the scope of this thesis. Secondly, the overview of conceptual and legislative developments pertaining to social enterprises in various regional and national contexts which the author provides later in the thesis is brief and not intended for in-depth analysis. Although a comprehensive comparative analysis of social enterprise developments in Vietnam and other countries could provide some deeper insight into related "best practices," this would digress from the thesis' focus on the Vietnamese context. The purpose of the conceptual and legislative overview is simply to help situate the current situation of Vietnamese social enterprises within the larger global context.

3. BACKGROUND

3.1. VIETNAM'S DEVELOPMENT CONTEXT

This section begins with an overview of Vietnam's contemporary changes in the areas of economic growth and human development following the Doi Moi economic reforms, and then turns to the current situation of social enterprises in the country with regards to socio-economic development contributions, related organizations, and remaining challenges to the successful development of social enterprises.

3.1.1. POST-DOI MOI DEVELOPMENT

The Socialist Republic of Vietnam, or Vietnam for short, is a one-party communist state in Southeast Asia with a population of over 85 million people (UNVN 2013). Once a highly impoverished nation, Vietnam has undergone significant economic development over the last few decades, which has been largely attributed to the Doi Moi reforms (WB 2011: 10). Initiated in 1986 by the Vietnamese Communist Party, the Doi Moi (Vietnamese for *Renovation*) reforms aimed to replace the previous socialist central planning model with a "market-oriented socialist economy under state guidance" (Beresford 2008: 221). Despite facing such challenges as "hyperinflation, famine, drastic cuts in Soviet aid, and a trade embargo by the west" at the onset of these reforms, Vietnam managed to reach lower-middle-income⁶ country status by 2010 (WB 2011: 10). As far as transitional economies go, Vietnam represents a strong example of success, with its economic output between 1989 and 2010 greatly exceeding that Eastern Europe's best performing transitional economies (WB 2011: 12).

In addition to its strong economic performance, Vietnam has also made significant progress with regards to human development⁷ in recent times. Between 1992-2008, Vietnam rose from 0.611 to 0.728 in its Human Development Index (HDI), with an increase across all three development indicators of life expectancy, education and income (UNDP 2011: 14), and held a global HDI ranking position of 113 out of 193 countries in 2010 (UNDP 2011: 1). Furthermore, between 1998-2008 alone, Vietnam's poverty level more than halved and the country's success "in lifting many hundreds of thousands of people out of poverty and at a faster rate than almost any other country globally" has gained it international recognition (UNDP 2011: 13). The country has also made strong progress with regards to the eight Millennium Development Goals (MDGs), and is expected to achieve almost all of the MDGs by 2015⁸ (UNVN 2012: 3).

⁶ The World Bank defines a lower-middle-income economy as one possessing a Gross National Income (GNI) per capita of between \$1,026 - \$4,035. More details on such classifications can be found on the World Bank website (WB 2012): <<http://data.worldbank.org/about/country-classifications>>.

⁷ In this instance, I refer to the United Nations Development Programme's (UNDP) definition of human development as "the expansion of people's freedoms and capabilities to lead lives that they value and have reason to value" (2011: 1-2) which is widely used or referred to among the UNDP's various human development reports.

⁸ According to the UN's 2011 Annual Report for Vietnam, "the goals related to HIV as well as water and sanitation are still considered 'difficult to achieve' (UNVN 2012: 3).

3.1.2. CONTEMPORARY DEVELOPMENT CHALLENGES

Despite the above mentioned achievements that have recently been made in economic and human development in Vietnam, it is important to note that a number of significant challenges remain. For instance, the 2011 Vietnam Human Development Report indicates that while economic growth has largely been responsible for the country's rise in HDI, changes in terms of life expectancy and education have played a more secondary role (UNDP 2011: 1). In fact, the contribution of the education index to overall HDI growth actually decreased between the 1990s and 2000s (UNDP 2011: 14). Furthermore, it is worth highlighting that the purported benefits of the country's development are not equally distributed among its population, and that challenges in "the financing, delivery and governance of social services in [Vietnam] [appear] to be contributing to inequities in access to social services and in health and education outcomes" (UNDP 2011: 3-4).

3.2. SOCIAL ENTERPRISES IN VIETNAM

3.2.1. OVERVIEW AND DEVELOPMENT CONTRIBUTIONS

Amidst this national backdrop of both significant economic growth and remaining development challenges, many of Vietnam's socio-economic needs are increasingly being addressed by social enterprises. While a more detailed conceptual exploration of social enterprise is provided later on, suffice it to say here that social enterprises are organizations driven by a social or environmental mission and supported in large part by commercial activities. According to a recent social enterprise mapping project (CSIP 2011: 13), there are a total of 167 identified social enterprises operating in 25 out of 63 provinces/cities in the country. Involved in such fields as education and training, healthcare and environmental protection (see Figure 1 below for an illustration of the top five social enterprise operating areas in Vietnam), 68% of social enterprises in Vietnam are engaged in poverty reduction (CIEM 2012: 25). In addition to providing various forms of socio-economic support to over 377,000 people, social enterprises in Vietnam are reported to generate significant economic value and re-invest a majority of profits into their activities (CSIP 2011: 33). The rise of social enterprises in Vietnam is very much a growing trend⁹, with almost half of all social enterprises identified in the CSIP's mapping project (2011: 14) having been established within the last five years leading up to the study.

⁹ This also represents a wider global trend of social enterprise emergence. For instance, a recent survey in the UK (which is a leader in social enterprise-related public policy) indicated that 14% of all social enterprise had been established within the preceding two years, which represents "more than three times the proportion of start ups among mainstream small businesses" over that same period (SEUK 2011: 6).

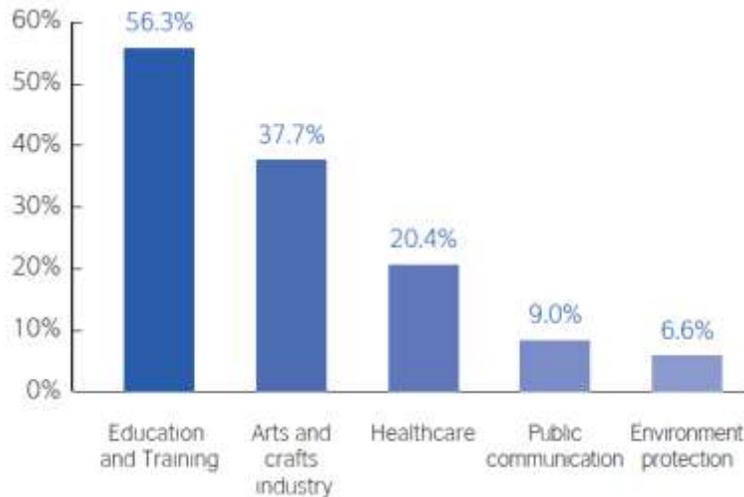


Figure 1. Top Five Social Enterprise Areas of Operation in Vietnam (CIEM 2012: 25, based on CSIP 2011)

3.2.2. RELATED ORGANIZATIONS

The contemporary development of social enterprises in Vietnam is being increasingly facilitated by the work of related organizations, such as the Center for Social Initiatives Promotion (CSIP), the Spark Center for Social Entrepreneurship Development in Vietnam (Spark Center), and the Central Institute of Economic Management (CIEM). Established in 2008, the CSIP is the first organization with a focus on the support of social enterprise and social entrepreneurship development in Vietnam (CSIP 2011: 6). In addition to its work in public communications and advocating for policy, this organization also provides financial support for social enterprises (CSIP 2011: 6). Another important organization in this field is the Spark Center, which was co-established in 2010 by four NGOs working in Hanoi¹⁰ "with the aim of supporting social entrepreneurs in [Vietnam] to develop innovative business solutions for greater sustainable and social impact" (Spark Center 2011: 1). This aim is carried forward by providing select individuals and enterprises with access to both capacity services and financial support (Spark Center 2011: 1). With regards to state involvement, the CIEM has made marked contributions social enterprise-related research in Vietnam. More specifically, the CIEM, which is a national policy think tank "under the direct authority of the Ministry of Planning and Investment" (CIEM 2013), recently published a report in cooperation with the CSIP and British Council Vietnam entitled *Social Enterprise in Vietnam: Concept, Context and Policies*. Although the functions and tasks of the CIEM do not explicitly include social enterprise development or promotion, this report serves as a key contribution to the very limited literature on social enterprise in Vietnam and provides the added dimension of a government voice in terms of potential public policies on social enterprises.

¹⁰ The four co-founders of the Spark Center are: "the SNV Netherlands Development Organisation, the Viet Nam Centre for Community Support Development (CECODES), PACT (Viet Nam) and the Centre for Sustainable Rural Development (SRD Viet Nam)" (Spark Center 2011: 1).

3.2.3. REMAINING CHALLENGES

In spite of their increasing importance and growing support from the various channels mentioned above, social enterprises in Vietnam continue to face a number of challenges. Among those documented in the current literature (CIEM 2012: 50-60) is a limited awareness of social enterprises in the state and non-state sectors as well as in the eyes of the public, which includes a lack of official state recognition. Current challenges also consist of the absence of a legal framework for social enterprises, limited capital and inadequate capability with regards to accessing financial resources, capacity and a lack of suitable capacity building support services, etc. In sum, although social enterprises have been successful in addressing many of Vietnam's socio-economic needs, many barriers remain to be addressed, particularly in regards to state-level recognition and institutional support.

4. CONCEPTUAL AND LEGISLATIVE OVERVIEW

This section starts with an outline of current trends in social enterprise research, followed by an overview of conceptual and legislative developments pertaining to social enterprises across various regions and national contexts. Special attention is paid to Europe and North America, where many precedents have been set in terms of defining and legally recognizing social enterprises, followed by an exploration of the burgeoning Asian and Vietnamese contexts. The purpose of this section is to better understand how the emergence of social enterprises and current public policy considerations in Vietnam fit in the "wider picture" of related developments around the world.

4.1. SOCIAL ENTERPRISE RESEARCH LANDSCAPE

It is useful here to provide an overview of the current patterns present in social enterprise research and literature, in order gain a better understanding of the overall global research context. According to a quantitative, bibliometric study of social enterprise (SE) and social entrepreneurship¹¹ (SEship) literature and research, there were 286 papers on SE and SEship identified¹² for the period of 1991-2010, with more than 464 contributing authors (Granados et al. 2011: 203). As illustrated in Figure 2 below, little research on SE and SEship was conducted between 1991 and 2004, whereas as a significant increase in related publications can be noted from 2005 to 2010, confirming "that SE is an emerging field of interest" (Granados et al. 2011: 203).

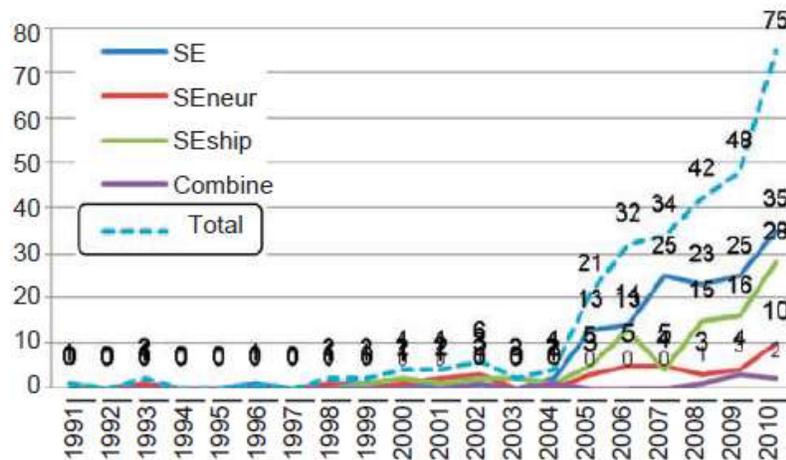


Figure 2. Publications on Social Enterprise (SE), Social Entrepreneur (SEneur), and Social Entrepreneurship (SEship), 1991-2010 (Granados et al. 2011: 203)

¹¹ Although social entrepreneurship has traditionally been used as an interchangeable term with social enterprise, it is now recognized as a distinct (though still related) concept that can be very basically defined as "the process through which social entrepreneurs [create] social enterprises" (Defourny and Nyssens 2008: 203).

¹² There was a total of 1,343 bibliographic records gathered for the study, which were filtered according to "language (only English and Spanish papers, covering 98 per cent of all records), duplicated records, journal articles, search words on abstract, title and keywords, and relevance to the study subject." Furthermore, the term "literature" in the above bibliometric study refers to publications in academic journals (Granados et al. 2011: 202).

A further analysis of country contributions to the literature indicates that SE and SEship papers can be traced to a total of 35 countries, with the top 7 contributing countries being developed nations and representing 82% of all publications (Granados et al. 2011: 204). Among the latter group, the UK and the USA are the greatest contributors, representing a combined total of 61% of all related papers, as can be seen below in Figure 3, while "[t]he contribution of papers from developing countries was relatively smaller and only 10 per cent came from Asia, Africa, and South America" (Granados et al. 2011: 205).

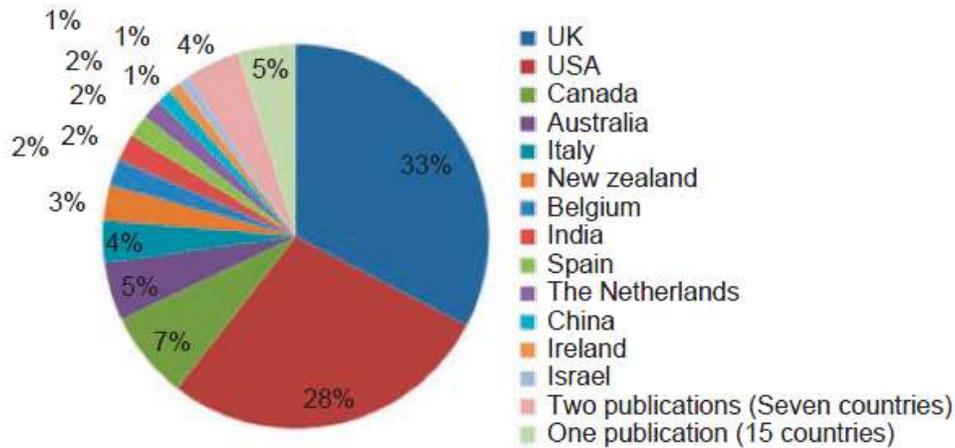


Figure 3. Social Enterprise Publications by Country (Granados et al. 2011: 205)

4.2. SOCIAL ENTERPRISE DEVELOPMENTS: THE EUROPEAN CONTEXT

4.2.1. GENERAL OVERVIEW

Amidst related literature, Defourny and Nyssens' (2008) article *Social enterprise in Europe: recent trends and developments* provides a comprehensive overview of some of the key advancements and challenges among social enterprises across a number of European countries. Defourny and Nyssens (2008: 203) explain that while the concept of social enterprise first emerged in Italy in the late 1980s, its usage at the wider European level didn't begin until the mid-1990s. Italy is noted as the pioneer of social enterprise in Europe with the formation of social cooperatives in the late 1980s, with the latter providing various types of socially-oriented services such as healthcare, education, and employment integration for the disadvantaged (Defourny and Nyssens 2008: 204-5). The UK is also considered as a notable contributor to the rise of social enterprise in Europe through the establishment of legal recognition and institutional support for social enterprises, and the development of a high number of social enterprises providing a variety of social services (Defourny and Nyssens 2008: 205). Across the European context, there are various approaches to the conceptualization of social enterprises, though social enterprises are on a very basic level defined as falling within the scope of the third sector and "understood as embracing non-profit organizations as well as co-operatives and related not-for-profit private forms of enterprises" (Defourny and Nyssens 2008: 204). An important contribution to the conceptualization of social enterprise in Europe lies in the region-wide conceptual definition proposed by the EMES European Research Network.

4.2.2. EMES DEFINITION

In existence since 1996, the EMES is a research network made up of European university researchers and research centers dealing with issues related to the "third sector" (SEE 2013). The conceptual understanding of social enterprise proposed by the EMES Research Network was developed with the idea of taking into consideration the various differences among European countries and successfully developing a common approach to studying this type of organization (Galera and Borzaga 2009: 213). Summarized below in Table 3, the EMES definition can be divided among four economic and five social criteria. This EMES definition of social enterprise aims to bridge the two related and well-known concepts of the social economy and the non-profit sector, and seeks to add to our understanding of these concepts rather than replacing them (Galera and Borzaga 2009: 213). It is important to note that the criteria outlined in the EMES definition are not formulated with the intent of serving as binding conditions; rather, the EMES definition proposes an "ideal-type" to allow researchers to "position themselves within the 'galaxy' of social enterprises" and therefore makes it possible to relate or compare such organizations to a common conceptual understanding (Defourny and Nyssens 2008: 204).

Table 3. Social Enterprise: EMES Definition & Criteria (Diaz-Foncea and Marcuello 2012: 66)

<i>Definition</i>	<i>Social enterprises are not-for-profit private organizations providing goods or services directly related to their explicit aim to benefit the community. They rely on collective dynamics involving various types of stakeholders in their governing bodies, they place a high value on their autonomy and they bear economic risks linked to their activity.</i>
Criteria	<p>Economic dimensions</p> <ul style="list-style-type: none"> A continuous activity producing goods and/or selling services A high degree of autonomy A significant level of economic risk A minimum amount of paid work <p>Social dimensions</p> <ul style="list-style-type: none"> An explicit aim to benefit the community An initiative launched by a group of citizens A decision-making power not based on capital ownership A participatory nature, which involves various parties affected by the activity A limited-profit distribution

4.3. SOCIAL ENTERPRISE DEVELOPMENTS: THE NORTH AMERICAN CONTEXT

4.3.1. GENERAL OVERVIEW

In contrast to the diversity of literature and research conducted on social enterprise developments across Europe, publications on social enterprises in the North American context remains almost entirely focused on the US. In addition to being the second largest contributor to social enterprise and social entrepreneurship research globally, covering 28% of all related academic publications (Granados et al. 2011: 205), the US is also frequently cited in the literature as holding a conceptual understanding of social enterprise which is quite distinct from the European approach.

4.3.2. SOCIAL ENTERPRISE IN THE US

As opposed to the criteria-enriched EMES definition of social enterprise which focuses on non-profit organizations with a social aim, Kerlin (2006: 248) indicates that the concept of social enterprise in the US is distinguished by the fact that it is defined in a broader fashion and places more emphasis on revenue-driven enterprises. For instance, the definition provided by the Social Enterprise Knowledge Network from Harvard Business School states that "*a social enterprise is any kind of enterprise and undertaking, encompassed by non-profit organization, for-profit companies or public sector businesses engaged in activities of significant social value or in the production of goods and services with an embedded social purpose*" (Diaz-Foncea and Marcuello 2012: 67). Thus, the US conceptualization of social enterprise differs significantly from the EMES definition by including for-profit companies and maintaining a highly vague definition of social goals (Diaz-Foncea and Marcuello 2012: 67). Interestingly, although this type of definition is widely circulated in US academia, the actual practice of social enterprise in the US "remains focused on revenue generation by nonprofit organizations," which suggests a dichotomy between research and practice (Kerlin 2006: 248).

As opposed to the various legislation on social enterprises adopted in Europe in the last few decades, policies governing non-profit revenue and encompassing social enterprise income-generation in the US have remained essentially unchanged since the 1950s (Kerlin 2006: 253-254). When it comes to the institutional environment for social enterprises in the US, there seems to be a greater emphasis on private and business institutional support (Kerlin 2006: 254). As such, training, research and various other support services for social enterprises in the US mostly come from private organizations, as opposed to Europe, where there government often plays a leading role in social enterprise institutional support (Kerlin 2006: 254-258).

4.4. SOCIAL ENTERPRISE DEVELOPMENTS: THE ASIAN CONTEXT

4.4.1. GENERAL OVERVIEW

Despite limited academic publications on social enterprise originating from Asia, this region is no exception to the global emergence of social enterprises; a recent study of related developments among Asian countries indicates that social enterprise is very much on the rise in the region. Research among the five countries/territory of China, Hong Kong, Taiwan, Japan and South Korea reveals that the concept of social enterprise emerged in East Asia around the turn of the twenty-first century (Defourny and Kim 2011: 89-90). Among various countries of Southeast Asia¹³, social enterprises have recently begun "to be associated with revenue-generating activities for social as well as sustainable development" and generally consist of small non-profit or for-profit social initiatives which deal with various socio-economic development needs (Kerlin 2010: 168). With the exception of Thailand, which is considered as a leading country in terms of social enterprise development (CIEM 2012: 44), social

¹³ In Kerlin's (2010: 175) article on the global emergence of social enterprise, Southeast Asia is referred to as including Bangladesh, Cambodia, Indonesia, Laos, Malaysia, Philippines, Singapore, Thailand and Vietnam.

enterprises in Southeast Asia tend to be quite weak with regards to related contextual factors of market performance, international aid, state capability and civil society, and are generally characterized by a lack of "established networks and stable sources of support" (Kerlin 2010: 176-77).

4.4.2. THE VIETNAMESE APPROACH

There are currently two key publications outlining the contemporary developments and trends in the field of social enterprise in Vietnam. The first consists of a social enterprise mapping project report published in 2011 by the Center for Social Initiatives Promotion (CSIP), which provides extensive quantitative data on social enterprises throughout the country (CSIP 2011). In the absence of an official definition for social enterprises in Vietnam, the mapping project report identified 167 social enterprises according to 7 key characteristics which were narrowed with "the participation of various specialists, social activists, and social entrepreneurs" (CSIP 2011: 10). This conceptualization of social enterprise, provided in Table 4 below, serves as help guide our understanding Vietnamese social enterprises in this thesis. Much like the European EMES conceptualization, such a definition serves as a proposed "ideal-type" for social enterprises in the Vietnamese context rather than an exclusive or binding one.

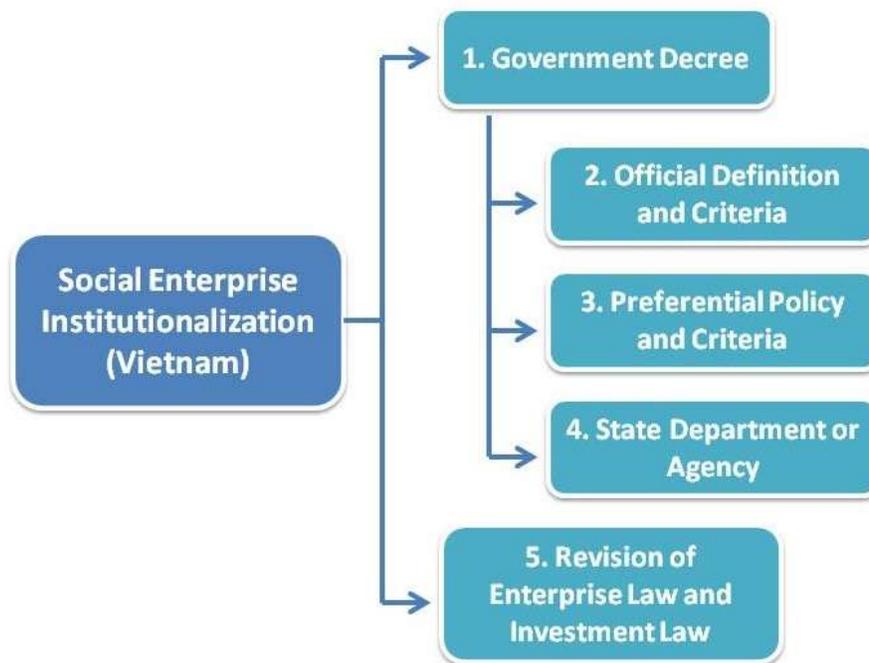
Table 4. Social Enterprises in Vietnam - 7 Key Characteristics (CSIP 2011: 10-11)

1. Type:	Being an organization (possibly in different forms such as company, center, co-operative, foundation, association, club etc.).
2. Mission and objective:	Resolving specific social and environmental problems which are not dealt with or dealt with ineffectively.
3. Field of activities:	Appropriate to and oriented by social and environmental mission of the organization.
4. Decision making process:	Led by social and environment objective rather than profit maximization (profit optimization but maximization).
5. Income:	Mainly from providing goods/services (already achieved or planned to achieved).
6. Use of profit:	A majority of profit shall be re-invested to resolve social and environment problems.
7. Participation of beneficiaries:	Beneficiaries are allowed and encouraged to participate in the organization's decision making process.

The second key document on social enterprises in Vietnam is a recent publication from Vietnam's Central Institute of Economic Management (CIEM) entitled *Social Enterprise in Vietnam: Concept, Context and Policies* (2012), which provides a contemporary overview of social enterprises in the country and provides some key policy recommendations for their further development. Complementing the 2011 mapping project finding that over 90% of social enterprises would like more attention and support from different levels of government (CSIP 2011: 34), the CIEM puts forth the recommendation

of institutionalizing social enterprises in Vietnam (CIEM 2012: 63-64). As illustrated in Figure 4. below, the CIEM suggests five institutionalization policy points. Firstly, *issuing a government decree* is proposed as an initial step for the institutionalization of social enterprises in Vietnam, after which legislation could eventually follow, and serves as an umbrella for the three subsequent policy suggestions (CIEM 2012: 63). Secondly, this decree should provide an official definition for social enterprises, which would include specific defining criteria (CIEM 2012: 64). Thirdly, the decree should also provide preferential policies and support for organizations operating in certain areas determined by the government as especially important and in need for further development (CIEM 2012: 64). Fourthly, the establishment of a government department or agency dedicated to the support, management and promotion of social enterprises is suggested (CIEM 2012: 64). Finally, it is suggested that the current Enterprise Law and Investment Law be revised to include social enterprises, which would facilitate the official registration of social enterprises as a new type of enterprise (CIEM 2012: 64).

**Figure 4. CIEM's Social Enterprise Institutionalization Policy Suggestions
(Based on CIEM 2012: 63-64, Author's Own Figure)**



5. THEORETICAL FRAMEWORK

This section aims to provide a general theoretical outline of social capital, with a focus on trust in people and the state, followed by an overview of state failure within the context of four theoretical explanations for the emergence of social enterprises proposed by Teasdale (2011).

5.1. SOCIAL CAPITAL THEORY

5.1.1. CONCEPTUAL OVERVIEW

Social capital is widely recognized as a generally new concept and much has been written on this subject in recent decades, with a noted "explosion in the use of the term" in academia since 1995 (Halpern 2005: 8-9). In the 1980s, a theoretical understanding of social capital "as a way of systematizing the effects of social relations" (Castiglione et al. 2008: 3) was suggested independently by sociologists James Coleman and Pierre Bourdieu. Both were interested in how educational achievements were influenced by social links and the social environment, although their theoretical focus differed in that Coleman was interested in how social capital acted as a resource which can serve to influence and explain individual action, whereas Bourdieu emphasized the role of social capital in social reproduction.

While Coleman and Bourdieu's theories are credited with substantially furthering the idea of social capital, it is political scientist Robert Putnam who is recognized for having really established the term in both in academia and among the public. In his seminal work *Bowling Alone: The Collapse and Revival of American Community* (2000: 22), Putnam makes the now mainstream distinction between *bonding* social capital, which strengthens links between people within a group, and *bridging* social capital, which connects people across different groups. A summary of the definitional contributions of Coleman, Bourdieu and Putnam to social capital theory is provided in Table 5 below, though it is important to note that a single universally agreed definition of social capital remains elusive (Castiglione et al. 2008: 1).

Coleman (1988): Social capital is defined by its function. It is not a single entity but a variety of different entities, with two elements in common: they all consist of some aspect of social structures, and they facilitate certain actions of actors - whether persons or corporate actors - within that structure (Coleman 1988: 96 in Halpern 2005: 7).

Bourdieu (1992): Social capital is the sum of the resources, actual or virtual, that accrue to an individual or a group by virtue of possessing a durable network of more or less institutionalized relationships of mutual acquaintance and recognition (Bourdieu and Wacquant 1992: 119 in Halpern 2005: 7).

Putnam (2000): Whereas physical capital refers to physical objects and human capital refers to properties of individuals, social capital refers to connections among individuals - social networks and the norms of reciprocity and trustworthiness that arise from them (Putnam 2000: 19).

Table 5. Social Capital: Key Definitions

5.1.2. TRUST IN PEOPLE AND THE STATE

Within social capital theory, trust is a central concept. To put it simply, trust can be considered as a glue which brings and binds people together, to form and strengthen various social connections (i.e. social capital). Therefore, "[t]rust itself is not a form of social capital, but it is the key link between forms of social capital and outcomes" (Ahn and Ostrom in Castiglione et al. 2008: 80). The existence of trust itself among across various groups of people can in many cases be attributed to such forms of social capital as trustworthiness of individuals, institutions and networks (Ahn and Ostrom in Svendsen and Svendsen 2009: 22). Practically speaking, high levels of trust can result in various economic benefits such as lowered transaction costs due to less free-riding, greater and stronger collective action, and "spill-overs" of human capital across boundaries of trust (van Staveren and Knorringa 2007: 117-119). Although measuring social capital can be difficult, a standard measure of social capital used across many studies is the level of trust among people from the community to the national level, which is generally drawn from a related variable of the World Values Survey¹⁴ (Halpern 2005: 33).

When it comes to social capital, the state can act as a major force in either the destruction or creation of trust among a population. According to Herreros (in Svendsen and Svendsen 2009: 179), the state can generate social capital and generate trust in two principle ways: by enforcing private agreements as a third-party, and by creating a more equal society. Of interest to this thesis is the latter role of the state in generating trust among the population by creating a more equal society. It has been shown that equality of opportunity and material equality "are essential for people to think that others 'share our fate', and this, in turn, is deemed essential to trust in other people" (Herreros in Svendsen and Svendsen 2009: 184). The generation or promotion of these equalities mentioned above can be generally observed to fall within the mandate or activities of the state¹⁵, through the institutional and equitable provision of such public goods as health, education, environmental protection, and the like. As summarized below in Figure 5, the effectiveness of the state provision of social services can influence the levels of equality and trust (and subsequently levels of social capital) among the population.

¹⁴ The question referred to from the World Values Survey is "Generally speaking, would you say that most people can be trusted or you can't be too careful in dealing with people?" (Halpern 2005: 33).

¹⁵ This point seeks to expand Herreros' (in Svendsen and Svendsen 2009: 184) focus on the welfare state to states in general, which all provide some extent of social welfare.

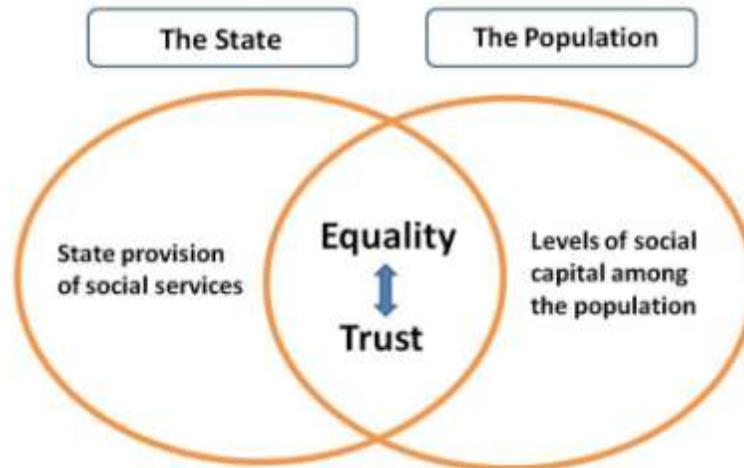


Figure 5. Links Between The State, The Population and Levels of Social Capital
(Author's Own, Partially Based on Herreros in Svendsen and Svendsen 2009: 179-196)

In democratic states, citizens can draw on existing levels social capital to influence more effective state provision of social services, by applying democratic political pressure for related policies. More specifically, within democratic countries, "[c]itizens who engage with others are more likely to direct government towards better policies (through voting and other forms of participation), [...] and actively seek solutions to collective action problems" (Lowndes and Pratchett in Castiglione et al. 2008: 687). With Vietnam being a one-party state, the Vietnamese population would be more limited in its ability to influence policy than those in democratic countries, due to lacking opportunities for democratic political participation. However, the Vietnamese population does have the ability to affect levels of social capital by filling in the "gaps" in the state's provision of social services, namely by engaging in third sector activities, such as through social enterprise intervention in areas of education, healthcare, etc. The level of trust in government is therefore useful for our exploration of the emergence of social enterprises in Vietnam. For instance, social capital theory would suggest that if a population is highly trusting of the government to effectively address socio-economic inequalities through the provision of social services and thus generate social capital, then related trust levels would not be conducive for the rise of social enterprises to provide such social services which fall under the purview of the state. Conversely, lower levels of trust in the state would be more conducive for social enterprises to emerge and provide these social services. This has been seen in the European context, where "work-integration social enterprises" (WISEs), arose to provide help to unemployed low-skill workers in response to the inability of state policies to adequately tackle structural unemployment (Defourny and Nyssens 2008: 207).

Of interest for this thesis, then, is whether relevant levels of trust are indeed conducive to the emergence of social enterprises in Vietnam. Subsequently, another step in understanding the relationship between state provision of social services and the rise of social enterprises in the Vietnamese context, is an exploration of state failure as one of four key theoretical explanations for the emergence of social enterprise, as elaborated upon below.

5.2. TEASDALE'S (2011) EXPLANATIONS FOR SOCIAL ENTERPRISE EMERGENCE

In his conceptual and theoretical exploration of social enterprises on an international scale, Teasdale (2011) identifies four key theoretical explanations for their emergence: state and market failure, resource dependency theory, institutional theory, and voluntary failure (listed in Table 6 below). Before delving further into these four theoretical explanations, it is useful to first contextualize the use of the term *state failure*. Within the field of political science, state failure generally refers to a complete collapse of governing structures and involves "high levels of violence, physical insecurity, and complete chaos" (Howard 2008: 125). Within the context of this thesis, however, state failure refers more specifically to a failure in governance, whereby the government has proved unwilling or unable to effectively address certain social challenges (e.g. gaps in education and healthcare provision) arising from inefficient government service delivery (Teasdale 2011: 103). Therefore, as opposed to the general usage of the term in reference to complete state collapse, state failure is used here to refer to the government's ineffective delivery of social services to its population (i.e. governance failure), whereby failure "in one area or sector does not necessarily entail failure across the board" (Frodin 2012: 282).

Four Key Theoretical Explanations for the Emergence of SEs ¹⁶
1. State and Market Failure
2. Resource Dependency Theory
3. Institutional Theory
4. Voluntary Failure

Table 6. Four Key Theoretical Explanations for the Emergence of SEs (Teasdale 2011: 103-106)

According to Teasdale (2011: 103), *state and market failure* have been used in tandem as a possible explanation for the emergence of social enterprises, although market failure is emphasized in Europe to explain the creation of co-operative forms of social enterprise (i.e. community enterprises), whereas in the US more emphasis is placed on state failure to explain the advent of social entrepreneurs, who create social businesses in response to ineffective delivery of government services. *Resource dependency theory* essentially posits that social enterprises emerge as nonprofit organizations' response to dwindling resources (or access to resources) from the public and philanthropic sectors. In other words, nonprofits will adopt a commercial income-generating strategy in order to fund their social activities, in response to falling income sources (Teasdale 2011: 103, 106). *Institutional theory* explains that social enterprises will arise out of conformity to the general institutional environment and business ideology adopted by the wider society. Otherwise said, non-profits will adopt business activities "not because they necessarily offer a better way to meet revenue shortages or the needs of client groups, but rather because it is the accepted way of doing things" (Teasdale 2011: 106). Related to the former theory, *voluntary failure* perceives the state and nonprofit sectors as complementary rather than alternates, and posits that the size of the non-profit sector will increase as public spending rises. Thus, social enterprises will rise concurrently and in conformity with the state sector (Teasdale 2011: 106).

¹⁶ Note: The numbering of the four theoretical explanations in Table 6 has been added by the author for stylistic clarity and does not reflect any ranking significance among theories (i.e. the chosen order is arbitrary).

6. PRESENTATION OF DATA

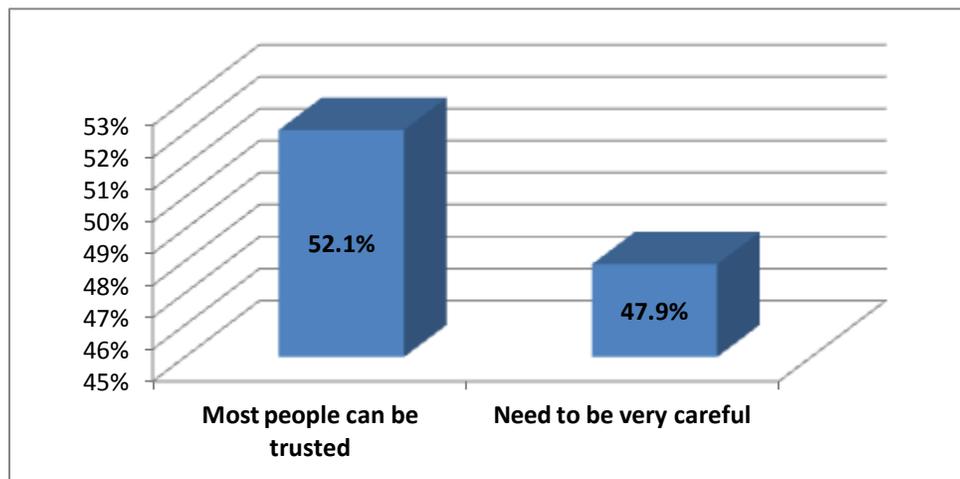
In this section, the author presents selected data from the World Values Survey (WVS), as well as from the personal interviews and e-survey. The WVS data is presented in accordance with social capital theory, while the personal interview and e-survey data is largely considered within the Teasdale (2011) framework (though also leaving room for potential alternative explanations). Finally, the data presented from the personal interviews and e-survey also seeks to highlight the social enterprise perspective on potential government support policies, guided mainly by the CIEM's related policy suggestions.

6.1. WORLD VALUES SURVEY¹⁷

6.1.1. TRUST IN PEOPLE

For variable V23, measuring levels of trust between people, possible answers consisted of 1 (Most people can be trusted) or 2 (Need to be very careful). As illustrated in Figure 6 below, a slight majority of respondents (52.1%) believed that most people can be trusted, whereas a close minority (47.9%) indicated that they need to be very careful in dealing with people.

Figure 6. Trust in People - Results for WVS Variable V23



6.1.2. TRUST IN PEOPLE: 2001 WVS

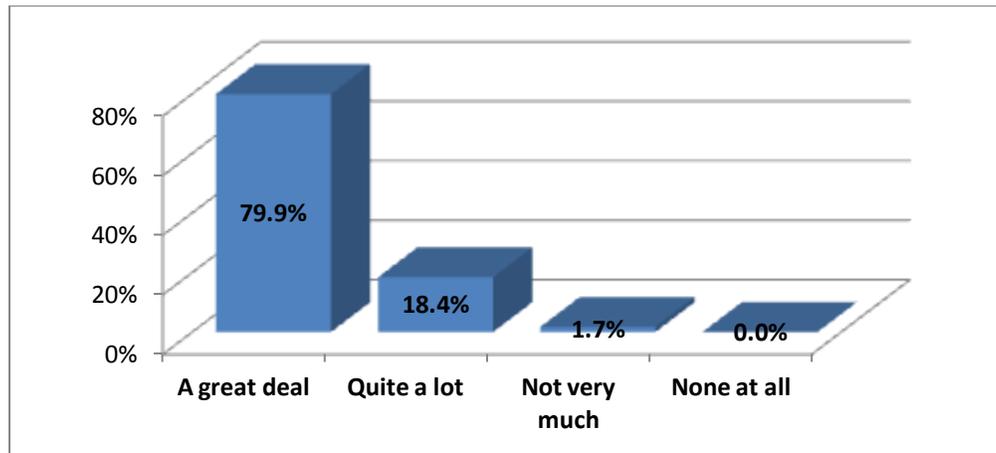
Although the above data (variable V23) from 2006 WVS provides us with important data on the levels of social capital in Vietnam, it is also helpful to provide a point comparison for such data. According to an article exploring social capital based on the 2001 WVS in Vietnam, 41% of respondents indicated that most people can be trusted, while 59% said that one needs to be careful in dealing with people (Dalton et al. 2002: 376). The article also shows that in 2001, levels of confirmed trust in others in Vietnam were similar to those in other East Asian countries such as Japan (42%), Taiwan (41%) and China (52%).

¹⁷Using a dataset obtained from the WVS website (www.worldvaluessurvey.org), a description of results for the selected variables was obtained through univariate analyses using SPSS software (see Appendix 5 for result tables).

6.1.3. TRUST IN GOVERNMENT

For variable V138, measuring confidence levels in the government, possible answers ranged from 1 (A great deal) to 4 (None at all). As illustrated in Figure 7 below, the vast majority of respondents (79.9%) indicated that they have a great deal of confidence in the government, and a significant remainder (18.4%) expressed that they have quite a lot of confidence. A very small minority of respondents (1.7%) indicated that they do not have very much confidence in the government, while none indicated a complete absence of confidence.

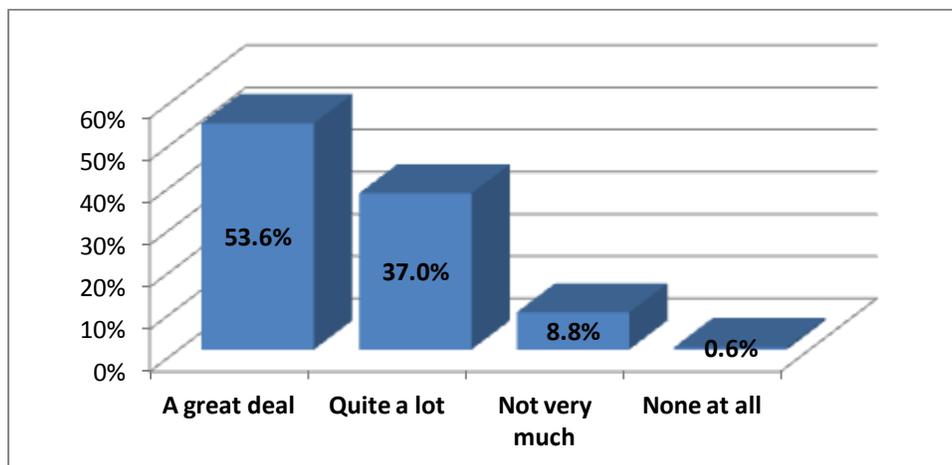
Figure 7. Trust in Government - Results for WVS Variable V138



6.1.4. TRUST IN THIRD SECTOR ORGANIZATIONS

For variable V145, measuring confidence levels in third sector organizations, possible answers ranged from 1 (A great deal) to 4 (None at all). Most respondents replied that they either had a great deal (53.61%) or quite a lot of confidence (37.0%) in charitable or humanitarian organizations, while a minority indicated having either not very much (8.8%) confidence or none at all (0.6%).

Figure 8. Trust in Third Sector Organizations - Results from Variable V145



6.2. PERSONAL INTERVIEWS

A number of explanations and motives for the emergence of social enterprises in Vietnam identified in the interview data relate to the Teasdale (2011) theoretical framework for the emergence of social enterprises, with some respondents alluding to more than one possible explanation.

As illustrated in the summary of the interview results related to the theoretical framework (see Table 7 below), the explanation which was most commonly provided was that of state and market failure, with all 6 interview respondents providing this explanation. More specifically, the totality of respondents noted that either their social enterprise organization and/or social enterprises in general arose out of a need for social goods or services not provided (or insufficiently provided) by the state, whereas on the other hand market failure was absent from interview responses with the exception of one interview. The second-most common explanation was that of resource dependency, with most respondents stating that social enterprises often emerge out of a need to fund their own social mission due to a decrease in the quantity and level of access to financial assistance in the NGO and philanthropic sectors. Although some of the respondents indicated that strong a "entrepreneurial spirit" and the importance of the business sector could explain the emergence of social enterprises in Vietnam, institutional theory was overall not significantly confirmed in the interview responses. It is important to note that voluntary failure was not at all mentioned as an explanation for the emergence of social enterprises. Finally, one explanation which was put forth by a respondent, and falls outside the suggested theoretical framework, was the rising influence of foreign ideas in Vietnam. More specifically, it was suggested that the emergence of social enterprises in Vietnam is due to the inflow of social enterprise as a "foreign concept" by both foreigners and Vietnamese individuals returning from abroad.

Key explanations for the emergence of social enterprises	Total Confirmed responses (out of 6 personal interviews)
1. State and Market Failure	6
2. Resource Dependency Theory	4
3. Institutional Theory	2
4. Voluntary Failure	0
5. <u>Alternative: Foreign Influence</u>	<u>1</u>

Table 7. Personal Interview Results - Key Explanations for the Emergence of Social Enterprises

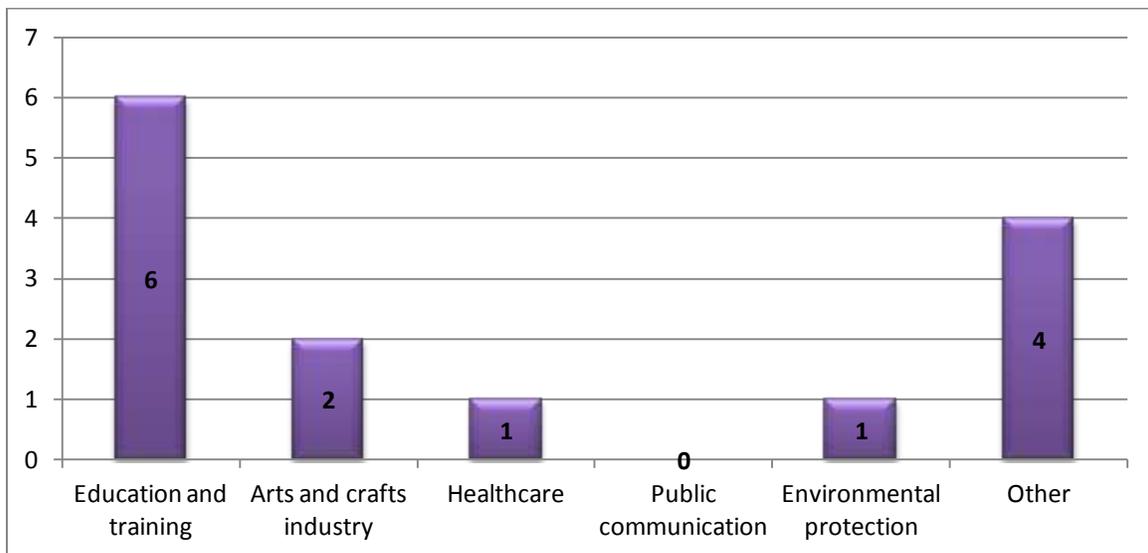
In addition to the possible explanations for the emergence of social enterprises in Vietnam outlined above, another common feature of the responses from the interview participants was the expressed need for official recognition of social enterprises and the formulation of relevant government support policies. Four out of the six respondents elaborated on this issue and identified various types of desired government support. These included the need for a definition for social enterprises as distinct from NGOs and traditional businesses, for subsidies or preferential policies to help cover office/venue rental costs for social enterprises, consultancy or training services from the government, and the creation of a government office or department responsible for social enterprise support and development.

6.3. QUALITATIVE-QUANTITATIVE E-SURVEY

6.3.1. GENERAL DEMOGRAPHICS

As illustrated in Figure 9 below, the top three single areas of operations represented among the e-survey respondents from social enterprise organizations were education and training, arts and crafts industry, and healthcare. This is similar to the demographic composition of the Vietnamese social enterprise mapping project conducted by the CSIP in 2011. Areas of operation under "other" include traffic, supporting disadvantaged children, and providing livestock for rural communities. When it comes to the 7 key characteristics for defining social enterprises in Vietnam suggested by the CSIP (2011: 10-11), only 15% of respondents indicated that their organization fulfilled all 7 characteristics¹⁸.

Figure 9. E-Survey Respondents - Social Enterprise Areas of Operation



6.3.2. THE RISE OF SOCIAL ENTERPRISES IN VIETNAM - KEY EXPLANATIONS

When asked their opinion on the main reasons for the rise of social enterprises in Vietnam through an open-ended question in the e-survey, most respondents provided the rather general reply that social enterprises are mainly emerging to address the needs of society. However, a minority of respondents also provided the explanations of government inadequacy in meeting the needs of society (i.e. state failure), the inability of the market to address the needs of vulnerable sections of the population (i.e. market failure), or the support for social enterprises from the CSIP and the government.

¹⁸ 7% of respondents reported fulfilling 6/7 characteristics, 14% reported fulfilling 5/7 characteristics, 14% reported fulfilling 4/7 characteristics, 14% reported fulfilling 3/7 characteristics, 29% reported fulfilling 2/7 characteristics, and 7% reported fulfilling 1/7 characteristics.

As illustrated below in Figure 10, when it came to questions directly related to Teasdale's four theoretical explanations for the emergence of social enterprises, all e-survey respondents either strongly agreed or agreed that their social enterprise emerged because of state failure. Results highlighted in Figure 11 also indicate the prominence of market failure (which was addressed in a separated question from state failure) among the e-survey responses. Subsequent comments provided by the respondents indicated that many of the social enterprises either work together with the government in delivering social goods to the general population, or aim to align their activities with related government social objectives or efforts. Meanwhile, comments provided for market failure mainly described the engagement of social enterprises in commercial activities.

Figure 10. Social Enterprise Emergence Due to State Failure

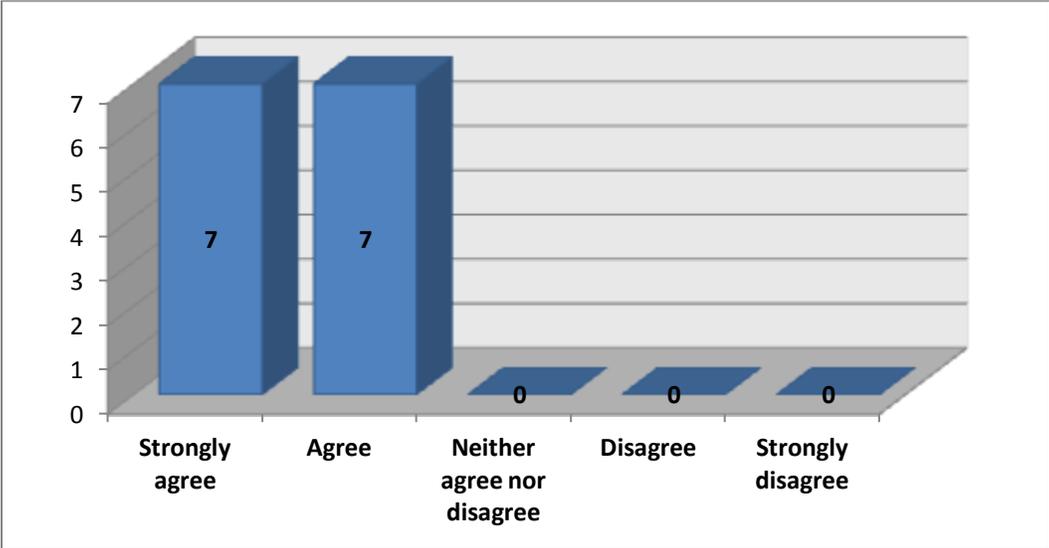
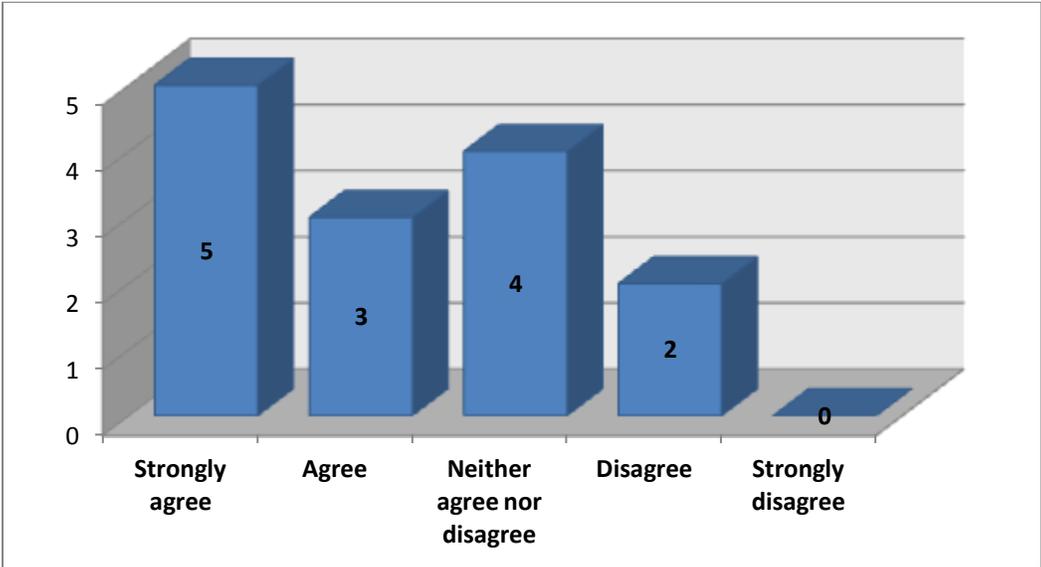


Figure 11. Social Enterprise Emergence Due to Market Failure



With regards to the other key theoretical explanations for the emergence of social enterprises, institutional theory, resource dependency theory, and voluntary failure were next in terms of most prominence among the answers (in descending order, respectively). When it comes to institutional theory (Figure 12), the average response was "neither agree nor disagree", while for both resource dependency theory (Figure 13) and voluntary failure (Figure 14) the average response was "disagree". Few subsequent comments were provided by the respondents, though one respondent clearly indicated that voluntary failure was absolutely not applicable to their social enterprise because the government did not provide any financial support, while another indicated that there was "no connection" between voluntary failure and the emergence of social enterprises in Vietnam.

Figure 12. Theoretical Explanations - Institutional Theory

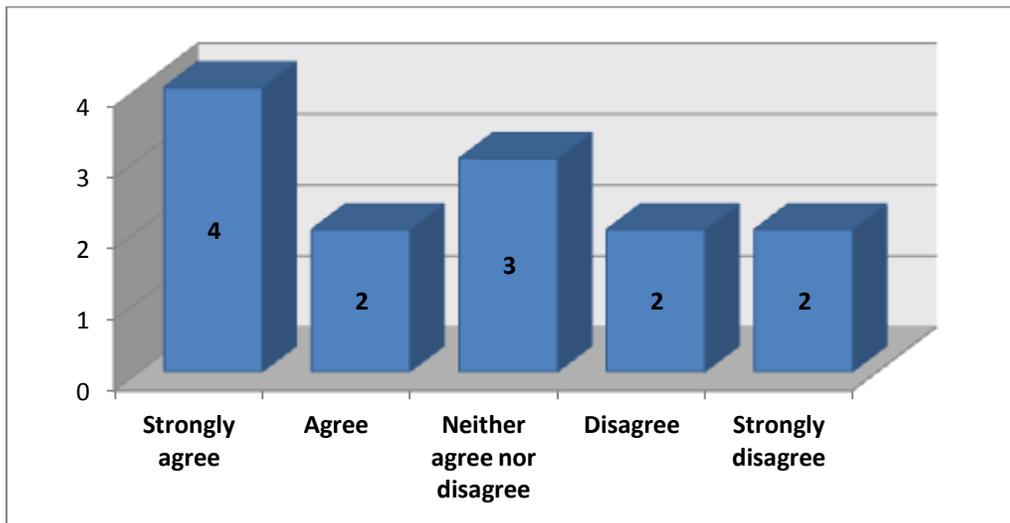


Figure 13. Theoretical Explanations - Resource Dependency Theory

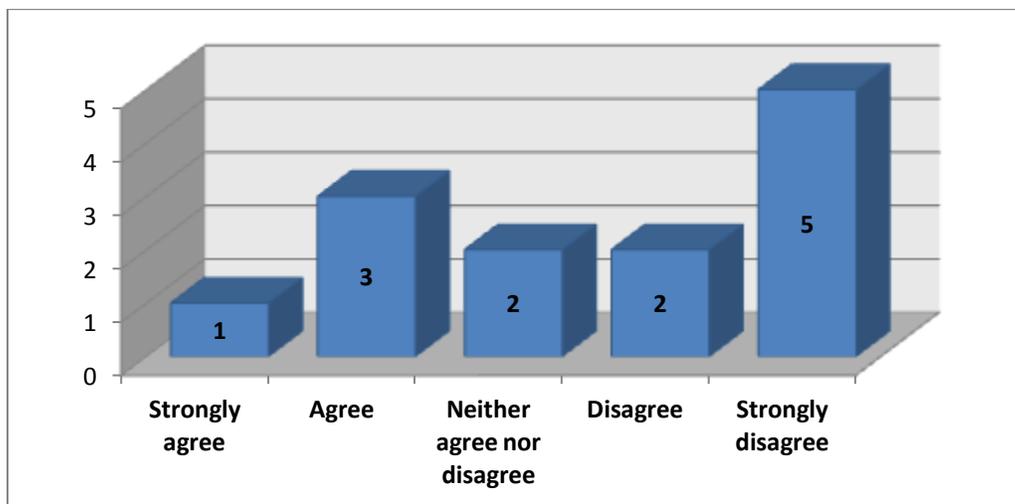
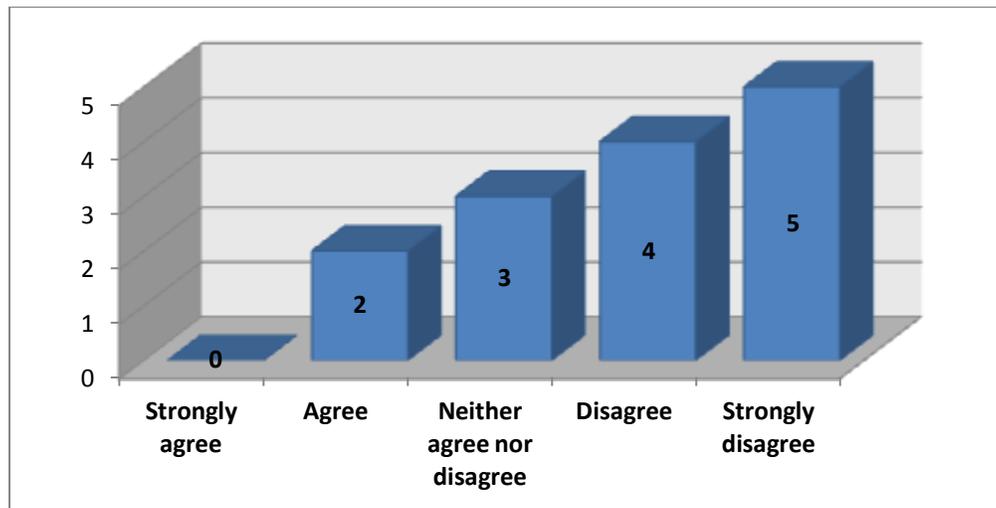


Figure 14. Theoretical Explanations - Voluntary Failure



6.3.3. GOVERNMENT SUPPORT POLICIES

When asked whether "[g]overnment support policies for social enterprises in Vietnam would be necessary to ensure the successful development of social enterprises in the country", the entirety of respondents were either in agreement or in strong agreement. Subsequent comments explained that government support policies are necessary in order for social enterprises to receive the financial support and recognition necessary to develop successfully, with one respondent suggesting to earmark government funds especially for social enterprises and providing tax breaks based on their contributions to society. Furthermore, the respondents also indicated that they were in general agreement with all five government policies suggested by the CIEM, as illustrated below in Table 8. When it comes to 1) issuing a government decree on social enterprises, 2) providing an official definition and criteria, and 3) formulating preferential policy and criteria, the respondents all provided an average response of "strongly agree." With regards to the remaining policies of 4) creating a state department or agency for social enterprise development and 5) revising enterprise law and investment law, the respondents all provided an average response of "agree." There was a strong absence of subsequent comments, with the exception of one respondent who explained that all five policy suggestions were highly needed. When provided the opportunity to suggest additional policies which would be of importance for social enterprise development in Vietnam, there was only one respondent who provided an additional policy suggestion, which was to require all state-run businesses to engage in some kind of social activity.

Suggested Policy	Average Response
1) Government Decree	Strongly agree
2) Official Definition and Criteria	Strongly agree
3) Preferential Policy and Criteria	Strongly agree
4) State Department or Agency	Agree
5) Revision of Enterprise Law and Investment Law	Agree

Table 8. Responses to CIEM's Policy Suggestions

7. ANALYSIS AND DISCUSSION

This section seeks to interpret and discuss the presented data in relation to the theoretical framework of social capital theory and Teasdale's (2011) explanations for the emergence of social enterprises, with the aim of better understanding the factors behind the rise of social enterprises in Vietnam and social enterprises' perceptions of suggested government policies.

7.1. SOCIAL CAPITAL AND THE RISE OF SOCIAL ENTERPRISES

7.1.1. TRUST AMONG PEOPLE

Using data from the 2001 WVS as a reference point for levels of trust in others (variable V23) measured in the 2006 WVS data, it becomes apparent there has been a contemporary increase in the levels of trust among Vietnamese people (i.e. percentage of people who believe that "most people can be trusted), with a rise from 41% to 52.1% between 2001-2006. Conversely, levels of skepticism (i.e. "need to be careful in dealing with other people") over this same period decreased from 59% to 47.9%. Furthermore, according to data from the 2001 WVS, levels of confirmed trust in others in Vietnam are comparable (and sometimes higher) to those in other East Asian countries (e.g. Japan, Taiwan, China).

If levels of trust between people can serve as measurement of social capital, then the above data would indicate that Vietnam not only holds average levels of social capital in comparison to other countries of the region, but that levels of social capital within Vietnam have actually slightly increased in recent times. This seems to contradict the author's expectation derived from social capital theory that the Vietnamese state's failure to adequately address the socio-economic needs of its population would result in comparatively *lower* levels of social capital than neighboring countries with higher rates of socio-economic development (e.g. Taiwan and Japan). Furthermore, the contemporary rise of social enterprises operating in areas which could be considered under the mandate of the Vietnamese state (e.g. education and healthcare) would suggest that levels of social capital would be on the decrease due to the emerging difficulties of the Vietnamese government to address inequalities and promote trust among the population, while the data actually indicates *rising* levels of trust among Vietnamese people.

While not negating the possibility that the Vietnamese state may indeed have been able to foster comparatively average and growing rates of social capital in spite of circumstances which would suggest otherwise, these discrepancies between expectations and actual data on levels of trust among people could also be attributed to various possible explanations. For instance, many different factors can contribute to the levels of trust among people, such as participation in social groups, community activities, and networking through education, employment, etc. Thus, it is possible that a strong presence of other contributing factors to levels of trust could therefore potentially be compensating for a lack of state-generated trust stemming from inadequate social service provision. Alternatively, the growing contributions of social enterprises to socio-economic development in Vietnam in recent times could also be fostering greater levels of trust among people, also possibly to the point of compensating for government failings in this area. However, further research and data collection (which fall beyond the scope of this thesis) would be required to draw a more definitive conclusion on these possibilities.

Overall, while the author's expectations derived from social capital theory were that levels of trust among people in Vietnam would be constrained or weakened due to government inefficiencies in social service provision and in addressing related inequalities, the selected data from the World Values Survey indicates otherwise. In other words, the selected WVS data suggests that levels of social capital are, contrary to the author's expectations, not conducive to the emergence of social enterprises in Vietnam.

7.1.2. TRUST IN THE STATE AND THIRD SECTOR ORGANIZATIONS

When it comes to trust in the state (variable V138), data from the 2006 WVS in Vietnam indicates that the vast majority of respondents have a "a great deal" of trust in their government. As explained in the methodology, such a strong demonstration of trust in the government by the survey respondents should be considered with some reservation, given that Vietnam is a one-party state with little tolerance for dissent with regards to matters concerning the government. Interestingly, however, rates of trust in third sector (variable V145) seem to be lower than reported rates of trust in government. For example, while 79.9% of respondents demonstrated a great deal of trust in the government, only 53.6% indicated a great deal of trust in the third sector. With third sector organizations such as social enterprises providing social services and otherwise promoting socio-economic development in Vietnam in areas where the state has limited capacity or efficacy, it would be expected that rates of trust in the third sector would be at least comparable to reported rates of trust in the government. Nevertheless, it should also be noted that only a significant minority of respondents said that they had not very much or no trust at all in either the government or third sector organizations, meaning that people are still overall quite trusting of both the state and the third sector, though to varying degrees.

With third sector organizations such as social enterprises serving as potential generators of social capital in Vietnam through socio-economic development efforts which help to address inequalities, lower reported rates of trust in the third sector (as compared to rates of trust in the state) could possibly be attributed to various explanations. For one, the general population may only have limited knowledge or understanding of the third sector and its various contributions to the country's socio-economic development, due to the often complex nature of development-related work. When it comes to social enterprises in particular, the lack of an official definition or official policies for this type of organization could serve to hinder public awareness of their presence, aims and activities. Additionally, the increased presence of third sector organizations such as social enterprises can be also considered as a relatively new phenomenon for Vietnam, and therefore high levels of trust in such organizations may still require more time to develop. Overall, lower levels of trust in the third sector as compared to levels of trust in the government comes somewhat as a surprise, considering that third sector organizations would have a lot to contribute in terms of raising levels of social capital. However, the findings from the 2006 WVS do not necessarily indicate that social enterprises are not generating social capital. Rather, this difference in levels of trust in the state and the third sector could be potentially attributed to a pro-government bias in respondent's answers or other explanations such as limited public knowledge on the third sector, although additional research would be required to further explore these possibilities.

7.1.3. SUMMARY

Based on selected data from the WVS, the levels of trust among people in Vietnam do not clearly indicate an inadequate provision of social capital by the state. This would suggest that contemporary levels of social capital in Vietnam are in fact not conducive to the emergence of social enterprises, contrary to the author's expectations based on related considerations from social capital theory. Levels of trust in the third sector were also found to be lower than reported levels of trust in the government, which could be possibly attributed to a pro-government bias among respondents or a low awareness among the Vietnamese population of the work of third sector organizations (such as social enterprises).

7.2. TEASDALE'S (2011) EXPLANATIONS FOR SOCIAL ENTERPRISE EMERGENCE

7.2.1. STATE AND MARKET FAILURE

Based on the results from the data collection, state and market failure holds the most explanatory power out of the four key explanations suggested by Teasdale (2011). Furthermore, although they together appear to be the most significant explanations for the rise of social enterprises, a further distinction can also be made between state failure and market failure. For instance, in the personal interviews conducted by the author, the respondents primarily identified state failure as the key factor in the emergence of social enterprises, while only one respondent made reference to market failure. In terms of the e-survey results, all respondents either strongly agreed or agreed that the emergence of social enterprises could be attributed to state failure, whereas a broader range of answers (including disagreement) was observed when it came to market failure. It thus seems that while state and market failure together are the greatest contributors to the rise of social enterprises in Vietnam, it is state failure more specifically which holds the most explanatory power.

This finding has strong implications for the potential formulation of state policies on social enterprises. Previous studies from the CSIP and CIEM demonstrate that social enterprises in Vietnam are actively engaged in providing social services in areas which could be considered as falling within the mandate or activities of the state. The data collected for this thesis, however, goes one step further by suggesting that social enterprises are actually emerging specifically due of the state's failure to adequately provide social services to its population. In other words, social enterprises are not just involved in similar activities as the state, they are in fact rising to compensate for the state's failings. When it comes to matters of policy, this would suggest that the rationale for the government to formulate supporting policies for social enterprises should not only be that these organizations are providing social services to the population, but also that the main explanation behind the very emergence of social enterprises is state failure. The formulation of related government policies would thus not only be beneficial, but would actually be of crucial importance if the state is to overcome failings in social services provision and more effectively address the country's socio-economic development needs.

7.2.2. INSTITUTIONAL THEORY

Although institutional theory did not emerge as a significant explanation for the emergence of social enterprises during the personal interviews, it featured slightly more prominently in the results from the e-survey. The importance of institutional theory as a possible explanation for the rise of social enterprises was only mentioned in two out of the six personal interviews, whereas it proved to be the second strongest explanation behind state and market failure according to the e-survey results (though the average response from the e-survey respondents for this explanation consisted of a neutral "neither agree nor disagree"). This seems to indicate that the rise of social enterprises in Vietnam can only be partially attributed to a perceived need for organizations to conform to the Vietnamese institutional environment or business ideology. Thus, according to the data collected, the implementation of government policies on social enterprise would likely contribute to the further rise of this type of organization through the creation of a more favorable institutional environment, though the extent of the influence of such an institutional environment on the rise of social enterprises would still be limited.

7.2.3. RESOURCE DEPENDENCY THEORY

Resource dependency theory was widely mentioned in the personal interviews as a key explanation for the emergence of social enterprises, second only to state and market failure. Four out of six interview respondents mentioned a decrease in the quantity and level of access to funding in the non-profit sector as an important factor in the choice of organizations to develop or continue as a social enterprise. When it comes to the e-survey carried out among a greater number of social enterprise organizations, however, a much lower 31% of respondents demonstrated some level of agreement with the notion that resource dependency was a key explanation for the rise of social enterprises. Overall, the data shows that, at the very least, nearly one third of respondents from the personal interviews and e-survey believe that resource dependency is a significant contributing factor to social enterprise emergence. When it comes to related policy formulation, therefore, the Vietnamese government would need to take into consideration the financial challenges facing many social enterprises, if these organizations are to further develop and contribute to the country's socio-economic development.

7.2.4. VOLUNTARY FAILURE

Across the data collected, voluntary failure serves as the least likely explanation for the emergence of social enterprises in Vietnam among the four key explanations outlined by Teasdale (2011). For instance, voluntary failure was not mentioned at all as a possible explanation by any of the interview respondents. Furthermore, a strong majority of the e-survey respondents expressed some level of disagreement with voluntary failure as possible explanation, with one respondent directly commenting that it had "no connection" to the rise of social enterprises in Vietnam. In other words, it appears that Vietnamese social enterprises are not emerging out of opportunities to "capture" growing government spending in related areas of operation. This seem would seem logical considering that social enterprises have limited opportunity to grow alongside the state sector since they are not officially recognized by the state. The explanation of voluntary failure therefore seems more applicable in countries where social enterprises are officially recognized by the government and provided the opportunity to grow alongside

the state sector, such as in the UK or Italy, and does not have prominent role to play in the current discussion on potential state policies on social enterprises in Vietnam.

7.2.5. OTHER EXPLANATIONS

While the data drawn from the personal interviews and e-survey seemed to either confirm or negate to varying degrees the four key explanations outlined by Teasdale (2011), the data collection was not restricted to this theoretical framework and provided the opportunity for respondents to highlight other possible explanations for rise of social enterprises. In terms of the personal interviews, the only alternative explanation suggested was that of "foreign influence", with one respondent attributing the emergence of social enterprises in Vietnam to the arrival of foreign concepts such a social enterprise through channels of globalization and the growing influence of ideas coming from outside Vietnam. This would be plausible considering that the concept of social enterprise has been largely developed in the European and North American contexts, although this explanation was not mentioned by any other respondents and completely absent from the responses from the e-survey. When it comes to the e-survey, the respondents were provided the opportunity to state key reasons for the emergence of social enterprises in Vietnam, before delving into questions related to the Teasdale (2011) theoretical explanations. Although state and market failure were included in some of the respondent's answers, most simply replied that social enterprises were rising in Vietnam to address social needs, which confirms the general findings already published by the CSIP (2011) and the CIEM (2012). Overall, no statistically significant alternative explanations to the Teasdale (2011) theoretical framework were present in the data which could further inform potential government policy formulations.

7.2.6. SUMMARY

According to the data collected from both personal interviews and an e-survey conducted among social enterprise organizations in Vietnam, state and market failure seems to hold the most explanatory power with regards Teasdale's (2011) key explanations for the emergence of social enterprises, with state failure holding greater weight than market failure. Resource dependency theory and institutional theory are second and third in line, respectively, in the order of possible theoretical explanations based on the interview data, although the ranking of these two explanations is reversed according to the e-survey data. Finally, voluntary failure had little to no explanatory power in either types of data collection, and no significant alternative explanations outside of the Teasdale (2011) framework were provided.

7.3. POTENTIAL SOCIAL ENTERPRISE POLICY AVENUES

7.3.1. CIEM POLICY SUGGESTIONS

The five potential policy points outlined in the CIEM's 2012 report on social enterprises in Vietnam represent the government's understanding of the current social enterprises policy needs. In order to provide the additional perspective of social enterprise organizations themselves, the e-survey included a "government support policies" section in which respondents were requested to provide their opinion on the CIEM's proposed social enterprise institutionalization policies. When first asked about government

support policies in general, all respondents were in agreement that support policies were needed, which clearly validates the government suggestion of formulating social enterprise-related policies in the first place. Interestingly, when social enterprise organizations were asked to identify themselves according to the CSIP's 7 key defining characteristics in the e-survey, the vast majority of respondents did not fulfill all 7 characteristics. While this could be potentially attributed to the fact that the 7 key characteristics suggested by the CSIP simply provide an "ideal-type" for social enterprises and possibly have yet to be widely disseminated or acknowledged, it also highlights the current lack of any official recognition or policy pertaining to what a social enterprise actually *is* in the Vietnamese context.

When the e-survey respondents were then asked to provide feedback on the individual policies suggested by the CIEM, they indicated agreement with all five policy suggestions. The average response for the first three CIEM suggestions (government degree, official definition and criteria, preferential policy and criteria) was "strongly agree", while the average response for the two remaining policies (state department or agency, revision of enterprise law and investment law) was "agree". This suggests that the CIEM's approach to potential policy formulation strongly reflects the needs of Vietnamese social enterprises, and demonstrates that the government's implementation of its policy suggestions would correlate with social enterprises' perceived needs for growth and development. While the discrepancy between the respondent's *strong agreement* with the first three policy suggestions and *agreement* with the latter two suggested policies is not significant enough to detract from the general conclusion of a correlation between the state and social enterprise perspectives on policy, it does indicate a degree of preference for some potential policies over others. In practical terms, this would suggest that regarding potential policy implementation, social enterprises may prefer to see more emphasis or prioritization placed on the first three policies rather than the latter two.

7.3.2. OTHER POLICY SUGGESTIONS

Although the exploration of the CIEM policy suggestions was not initially part of the data collection and was only included in the e-survey, related policy considerations did arise during the personal interviews. Interestingly, all policy considerations mentioned during the personal interviews can actually be linked to the policies suggested by the CIEM. For instance, the need stated by one of the interview respondents for officially defining social enterprises in a manner which distinguishes them from traditional businesses and NGOs corresponds to the CIEM's second policy suggestion of adopting an official definition for social enterprises, including specified criteria. Another's respondent's explanation of the need for preferential policies or subsidies to help finance social enterprises' rental costs for their offices/venues corresponds to the third CIEM policy suggestion of establishing preferential policies and criteria for social enterprises. These examples serve to further indicate that the CIEM's policy suggestions strongly correspond to the overall policy needs articulated by social enterprises. With regards to the e-survey, when the respondents were asked whether there were any additional important government policies to consider, other than the ones proposed by the CIEM, most respondents answered "no" and did not provide any further comments. Only one respondent suggested an alternative policy, proposing that all state-run businesses be required to undertake some type of social activity. Although this lack of alternative policy suggestions provided by social enterprise organizations in the e-survey could possibly be attributed to reservations from the respondents to directly challenge the state's position on matters of policy, the

findings from the two separate types of data collection do seem to validate the overall relevance of the Vietnamese government's policy suggestions with regards to social enterprises.

7.3.3. SUMMARY

Data collected from both the personal interviews and e-survey indicates that, either directly or indirectly, social enterprise organizations in Vietnam are in agreement with the government's proposed policies (as articulated by the CIEM). This suggests that the policy needs expressed by social enterprises in Vietnam are well-represented in the government's policy suggestions. The respondents from the e-survey did not articulate the need for any alternative policies to those suggested by the CIEM, other than one proposal to have all state-run businesses engage in social activities. However, they did seem to demonstrate a slight preference for the first three policy suggestions (government decree, official definition and criteria, preferential policy and criteria), indicating the possible need for prioritizing these policies with regards to the potential implementation of the CIEM policy suggestions.

8. CONCLUSION

As has been reported by the both the Vietnamese Center for Social Initiatives Promotion (CSIP) and the state-managed Central Institute of Economic Management (CIEM), the presence and prominence of social enterprises has been rising in Vietnam. Despite the fact that these social enterprises are important contributors to Vietnam's socio-economic development and are engaged in providing social services to the public (e.g. healthcare and education), however, there are currently no related government policies in place. If the government is to consider potential public policies on social enterprises, such as the five policy suggestions provided by the state-managed CIEM, it is important to first understand the factors contributing to the rise and development of social enterprises. The main purpose of this thesis has therefore been to explore possible explanations for the emergence of social enterprises in Vietnam in order to help inform future government policies, and ensure that such policies would be in accordance with the social enterprise perspective of realities "on the ground".

Social capital theory would suggest that current inadequate public provision of social services in Vietnam, as well as government challenges in tackling inequalities, could lead to lower levels of social capital among the population and therefore possibly motivate the rise of social enterprises. However, relevant data selected from the 2006 World Values Survey (WVS) indicates that existing levels of social capital in Vietnam are in fact actually not conducive to the emergence of social enterprises. Thus, it seems that the rise of social enterprises in Vietnam cannot be attributed to current levels of social capital. When it comes to the four key explanations for the emergence of social enterprises formulated by Teasdale (2011), state (and to a lesser extent, market) failure holds the most explanatory power, according to data collected from both personal interviews and an e-survey. This would suggest that, since social enterprises are arising to make up for the state's failure to adequately address the country's socio-economic development needs, the implementation of related policies should be a priority for the Vietnamese government. Moreover, according to the collected data, the CIEM's five policy suggestions are in strong accordance with the perceived policy needs of social enterprises, which indicates that the government has indeed identified potential policies which could significantly contribute to the further rise and development of social enterprises in Vietnam. Therefore, drawing from the conclusion that social enterprises are primarily emerging due to state failure and that a set of adequate government policies have already been suggested by the state-managed CIEM, it would seem that a solid foundation of knowledge is in place to consider implementing proposed public policies on social enterprises. The finer details of policy implementation, however, remains a point for further discussion and research, and would require further input from various stakeholders that falls beyond the scope of this thesis.

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10. APPENDICES

APPENDIX 1. INTERVIEW GUIDE (SOCIAL ENTERPRISES)

In-Depth Interview Guide

Logistics Overview	
Location:	
Interviewer:	Laurent Tran
Interviewee:	
Interpreter:	
Date:	
Start time:	
End time:	

(Explaining consent form)

(Question 1)

The concept of social enterprise is new and emerging in Vietnam. What do you think explains the rise of social enterprise in the Vietnamese context?

(Question 2)

What were the national and local conditions in your organization's field of work at the time of your organization's creation?

(Question 3)

What do you think are the key criteria for your organization (or social enterprises in Vietnam) to operate sustainably?

(Question 4)

What do you think is the best strategy/approach to balance your organization's (or social enterprises in Vietnam's) social mission and commercial activities?

(Question 5)

What do you think is the role of your social organization (or social enterprises in Vietnam) over the long-term?

(Question 6)

What are your organization's (or social enterprises in Vietnam's) greatest points of success as a social enterprise? What do you think accounts for this success?

(Question 7)

What are your organization's (or social enterprises in Vietnam's) main challenges as a social enterprise? How do you think these challenges can be overcome?

(Concluding the interview and thanking the respondent for his/her time)

APPENDIX 2. INTERVIEW GUIDE (SOCIAL ENTERPRISES IN TVET¹⁹)

In-Depth Interview Guide

Logistics Overview	
Location:	
Interviewer:	Laurent Tran
Interviewee:	
Interpreter:	
Date:	
Start time:	
End time:	

(Explaining consent form)

(Question 1)

The concept of social enterprise is new and emerging in Vietnam. What do you think explains the rise of social enterprise in the Vietnamese context?

(Question 2)

What were the national and local conditions in technical vocational education and training (TVET) at the time of your organization's creation?

(Question 3)

What do you think are the key criteria for your organization to operate sustainably as a social enterprise?

(Question 4)

What do you think is the best strategy/approach to balance your organization's social mission and commercial activities?

(Question 5)

What do you think is the role of your organization in TVET provision over the long-term?

(Question 6)

What are your organization's greatest points of success as a social enterprise? What do you think accounts for this success?

(Question 7)

What are your organization's main challenges as a social enterprise? How do you think these challenges can be overcome?

(Concluding the interview and thanking the respondent for his/her time)

¹⁹ Some of the interviews were designed specifically for social enterprises involved in Technical and Vocational Education and Training (TVET), which were highly represented in the initial personal interview sample population.

APPENDIX 3. CONSENT FOR PARTICIPATION IN INTERVIEW DATA COLLECTION²⁰

I volunteer to participate in data collection conducted by Laurent Tran, a masters student in international development and management at Lund University in Sweden. This data collection is in the context of research for a masters thesis looking at the emergence and management strategies of social enterprises in Vietnam. While the thesis will focus on social enterprise provision of technical vocational education and training (TVET), it will also look at social enterprises across a broad range of areas. I will be one of a number of interviewees for this research.

My participation is subject to the following conditions:

1. My participation in this data collection is voluntary. I understand that I will not be paid for my participation. I may withdraw and discontinue participation at any time without penalty.
2. I understand that the interview aims to be interesting and thought-provoking. If, however, I feel uncomfortable in any way during the interview session, I have the right to decline to answer any question or to end the interview.
3. Participation involves being interviewed by Laurent Tran, with the assistance of an interpreter when needed (English↔Vietnamese). It is expected that the interview will last approximately between 45 to 60 minutes. Notes will be written during the interview. An audio tape of the interview and subsequent dialogue will be made, in order to facilitate the data processing and analysis. Although the interview will not seek to touch upon issues deemed sensitive or controversial, I will indicate if I do not wish the interview and conversation to be taped, and understand that in that case I can still participate in the interview.
4. I understand that the researcher may identify me by name in any reports using information obtained from this interview. The main risk of participation is therefore being identified by the readership of the thesis, through the information collected. If, however, I feel uncomfortable with being identified by name in any reports using information obtained from this interview, I have the right to remain anonymous upon request.
5. I have read (or been provided with an oral explanation), and understand the explanation provided to me. I have had all my questions answered to my satisfaction, and I voluntarily agree to participate in this data collection.

Name of Participant: _____

Date of consent: _____

Oral consent Written consent (requires signature)

Signature of Participant (if applicable)

For further information, please contact Laurent Tran (researcher): laurent.tho.tran@gmail.com

²⁰ This consent form is a modified version of a sample informed consent form from the National Center for Postsecondary Improvement (NCPI) published on the NCPI website: <http://www.stanford.edu/group/ncpi/unspecified/student_assess_toolkit/pdf/sampleinformedconsent.pdf>.

APPENDIX 4. E-SURVEY - SOCIAL ENTERPRISE IN VIETNAM²¹

By completing this short questionnaire, you are agreeing to participate in thesis research conducted by Laurent Tran, a masters student in international development and management at Lund University in Sweden. The purpose of this survey is to better understand the rise of social enterprises in Vietnam and potential government support policies. Your answers will be kept confidential and will only be used for academic purposes. If you have any questions or concerns, you may contact the researcher (Laurent Tran): laurent.tho.tran@gmail.com.

The survey should take about 20 minutes to complete and participation is completely voluntary.

Thank you for your participation!

Laurent Tran

General information

1. Please enter the name of your organization.
2. Where does your organization operate (city and province)?
3. Please select your organization's main area of operation:
 - i. Education and training
 - ii. Arts and crafts industry
 - iii. Healthcare
 - iv. Public communication
 - v. Environmental protectionOther:
4. Please select which point(s) below describe your organization:
 - i. You have both a written charter and a decision of establishment issued by governmental bodies or umbrella organizations.
 - ii. Your social and/or environmental mission is included in your charter.
 - iii. Your organizational activities reflect your charter's social and/or environmental mission.

²¹ Note: This survey was originally designed electronically as a "Google form" and thus is formatted in a more "user friendly" manner in the online version. This appendix is simply a copy of the content without the online formatting.

- iv. The social and/or environmental mission is given the highest priority in your organization's decision-making process.
- v. You currently (or plan to) financially support a lot of your activities by selling goods/services.
- vi. You currently (or plan to) re-invest most of your profit into your social and/or environmental mission.
- vii. Stakeholders and beneficiaries are openly represented in your decision-making process.

The rise of social enterprise in Vietnam

5. In your opinion, what is the main reason(s) for the rise of social enterprises in Vietnam.

For the statements below, please indicate your answer on a scale of 1 (Strongly Agree) to 5 (Strongly Disagree). *Other values: 2 = Agree / 3 = Neither Agree nor Disagree / 4 = Disagree

6. Your social enterprise was created in order to complement government efforts to provide social goods or services to the population.

7. If you have any comments for the above statement, please provide them here:

8. Your social enterprise was founded with the purpose of providing goods or services which are not offered well-enough (quantity or quality) by the private sector*. *The private sector includes all for-profit businesses that are not owned or operated by the government. (source: investopedia)

9. If you have any comments for the above statement, please provide them here:

10. Your social enterprise was created in response to decreases in funding in the public and nonprofit sectors.

11. If you have any comments for the above statement, please provide them here:

12. Your organization was created as a social enterprise in order to adapt to the current business environment.

13. If you have any comments for the above statement, please provide them here:

14. The creation of your social enterprise is explained by opportunities made available by rising government spending.

15. If you have any comments for the above statement, please provide them here:

Government support policies

For the statements below, please indicate your answer on a scale of 1 (Strongly Agree) to 5 (Strongly Disagree). *Other values: 2 = Agree / 3 = Neither Agree nor Disagree / 4 = Disagree

16. Government support policies for social enterprises in Vietnam would be necessary to ensure the successful development of social enterprises in the country.

17. If you have any comments for the above statement, please provide them here:

18. It would be necessary for the government to specifically issue an official decree on social enterprises.

19. If you have any comments for the above statement, please provide them here:

20. A decree should provide social enterprises in Vietnam with official recognition by defining related concepts and criteria.

21. If you have any comments for the above statement, please provide them here:

22. A decree should offer preferential policy and incentives to support social enterprises.

23. If you have any comments for the above statement, please provide them here:

24. A government department/agency should be created to implement state management and to promote and support social enterprises in Vietnam.

25. If you have any comments for the above statement, please provide them here:

26. The Enterprise Law and Investment Law should be reviewed to make it possible for relevant organizations to officially register as social enterprises.

27. If you have any comments for the above statement, please provide them here:

28. Are there any other government policies which you would think are important, other than those mentioned above?

29. If you answered "yes", please explain:

Conclusion

30. Can I contact you if I have any further questions related to social enterprise in Vietnam?

31. If "yes", please provide your contact details below.

APPENDIX 5. SPSS UNIVARIATE RESULT TABLES

1) Variable V23 (Generally speaking, would you say that most people can be trusted or that you need to be very careful in dealing with people?):

Most people can be trusted

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 Most people can be trusted	761	50.9	52.1	52.1
	2 Need to be very careful	699	46.8	47.9	100.0
	Total	1460	97.7	100.0	
Missing	-2 No answer	3	.2		
	-1 Don't know	32	2.1		
	Total	35	2.3		
Total		1495	100.0		

2) Variable V138 [...could you tell me how much confidence you have in... The government (in your nation's capital)]:

Confidence: The Government

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 A great deal	1163	77.8	79.9	79.9
	2 Quite a lot	268	17.9	18.4	98.3
	3 Not very much	25	1.7	1.7	100.0
	Total	1456	97.4	100.0	
Missing	-2 No answer	2	.1		
	-1 Don't know	37	2.5		
	Total	39	2.6		
Total		1495	100.0		

3) Variable V145 (...could you tell me how much confidence you have in... Charitable or humanitarian organizations):

Confidence: Charitable or humanitarian organizations

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 A great deal	764	51.1	53.6	53.6
	2 Quite a lot	527	35.3	37.0	90.6
	3 Not very much	125	8.4	8.8	99.4
	4 None at all	9	.6	.6	100.0
	Total	1425	95.3	100.0	
Missing	-2 No answer	8	.5		
	-1 Don't know	62	4.1		
	Total	70	4.7		
Total		1495	100.0		