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# Motivations and challenges in small business start-ups- A glance at Vietnam's public relations industry

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## Motivations and Challenges in Small Business Start-ups: A Glance at Vietnam's Public Relations Industry

By Tuong-Minh Ly-Le\*

*Purpose: This study focuses on entrepreneurship in Vietnam. It explores a founder's motivations, challenges, and growth strategies through concrete examples from public relations. Design/methodology/approach: This study adopts an inductive, grounded theory approach and collects data through a series of in-depth interviews. Findings: The results of this study show that most Vietnamese public relations industry founders are reluctant to make decisions based on their needs. At first, none of them had sufficient management skills or considered managerial tasks to be the most difficult. They are also less likely to make the changes their companies need to grow. They prefer to run small businesses because moderate growth is considered more sustainable and manageable. Originality: Despite the rising importance of entrepreneurship and public relations in Vietnam, there are only a few studies on Vietnam's public relations industry, and no previous work has explored why an entrepreneur decides to venture into public relations. Inadequate attention to the field calls for better understanding and research on this topic. Practical implications: This study expands the body of knowledge on Vietnamese entrepreneurship and provides practical implications and suggestions for businesspeople in Vietnam by providing insights into the founders' startup and management journey.*

**Keywords:** entrepreneurship, entrepreneurial motivation, business growth, SME, public relations, Vietnam

### Introduction

Small and medium enterprises (SMEs) are a central component in the development of an economy. They are a rapidly emerging force in the economic landscape of most countries. They play a pivotal role in economic development, employ the majority of industrial workforces, generate much of a sector's output (Hill, 2001). Besides, the alleviation of trade barriers, technological advancements, government supports have induced the growth of SMEs worldwide (Eravia et al., 2015). As a result, all economies, including those with high industrialization, rely on SMEs and entrepreneurship (Perry and Chu, 2012). SMEs are believed to be the main contributors to the development and the health of an economy (Perry and Chu, 2012; Tran, 2016). Asia is considered to be a hub of SMEs, where the number and the growth of SMEs proliferate. According to the Asian Development Bank, in Asia, SMEs account for 96% of companies and generate two-thirds of jobs (Yoshino and Taghizadeh-Hesary, 2018).

However, in contrast to their economic contribution and dynamic growth (in numbers), SMEs are believed to be the most vulnerable. At the industry level,

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SMEs have to face industry growth and maturity, increasing competition, lack of needed capital, cost and availability of resources, trends of strategic alliances, mergers and acquisitions, and an overall increasing level of complexity and uncertainty from a thriving business (Eravia et al., 2015; Ekstrom and Pallin, 2018). At the organizational level, SMEs usually have challenges in resource management and operational system as a result of growth (Ekstrom and Pallin, 2018). At the personal level, as their firms grow, entrepreneurs must overcome more responsibility at work, more challenges to their management capacity and more stress to strengthen their competitiveness (Eravia et al., 2015; Tran, 2016). In all levels combined, an entrepreneur needs to recognize the present and potential challenges, and to decide on a more effective form of management. Subsequently, although the number of SMEs in the market is high, the number of SMEs dissolved each year is also significant.

In the case of Vietnam, 98% of registered companies in Vietnam are SMEs, contributing 45% of the country's gross domestic product and creating more than 5 million jobs (Phung, 2019). The General Statistics Office of Vietnam revealed that there are more than 100,000 new companies registered each year, and the growth has been stable in the past five years (GSO Vietnam, 2019). Vietnam's government makes sure local SMEs receive full support measures with different tax and credit incentives, capital assistance, market and trade promotion, and vocational training (Phung, 2019). However, SMEs in Vietnam are very vulnerable. The ratio of dissolved SMEs to newly established SMEs has been more than 50% since 2017 (Minh Ngoc, 2019).

Given their importance and susceptibility to failure, SMEs deserve full attention from the government and the public. Business scholars also need to pay more attention to the SME topics to understand their motivations, challenges and their growth strategy to weather the uncertain future.

The focus of this study is the Vietnamese entrepreneurship and growth strategy, through concrete examples hailed from public relations, an industry that serves as a barometer to reflect significant transformational changes that have been taking place since the country's Reform Policy in the early 1990s. Most of these agencies are domestic agencies, with some remaining independent. At the same time, some were merged with an international agency (such as T&A Ogilvy is a joint-venture with U.S.-based Ogilvy & Mather, or AVC Edelman is a joint-venture with Edelman) (Van, 2013). All of the agencies found in the industry directories meet the small and medium enterprise criteria defined by Vietnamese law (Tap Chi Tai Chinh, 2018). Thus, it is safe to say that most public relations consultant agencies in Vietnam are relatively young, start-up agencies that are either in the launching stage or in the growth stage, which makes them a suitable population for the study.

This study is expected to shed light on the body of knowledge on Vietnamese startups and entrepreneurship, by exploring the founders' motivations, challenges and growth strategies. The study also provides practical implications and suggestions for businesspeople in Vietnam, or the entrepreneurial public relations practitioners in particular, as it gives insights into the founders' startup and management journey.

## Literature Review

### *Entrepreneurial Motivations*

An entrepreneurial founder, by definition, is a person who has founded his or her own firm (Begley and Boyd, 1987). There are many reasons behind a new business launch. Some entrepreneurs decide to become a firm founder to induce economic gain, financial reward and success. Others start their journey to fulfill their desires for control, social status, and development of a growing, sustainable enterprise. In business literature, the drive behind these founders is called with a wide array of terms, such as “drivers,” “factors,” “determinants,” or “entrepreneurial intentions” (Eijdenberg et al., 2015). Nonetheless, the most frequently used term in the studies is, arguably, “entrepreneurial motivations” (Carsrud and Brännback, 2011; Eijdenberg et al., 2015), which is the term this current work uses.

The motivations are described and categorized differently in previous literature. Perri and Chu (2012) sorted motivations into the “pull” and “push” factors. They assessed that one type of entrepreneur is “pulled” into the founding journey by the ambition to be their own boss, improve wealth, or change the current lifestyle. The other type of entrepreneur is “pushed” to become a founder, most unwillingly, because of low pay, undesirable supervision, unemployment or retrenchment. Eijdenberg and colleagues’ (2015) assessment of opportunity-based and necessity-based motivations is quite similar to the pull and push factors. Opportunity entrepreneurs are motivated by economic gain. They seize the opportunities to meet market needs and their capability to deliver, and actively seek entrepreneurship. In contrast, necessity-motivated entrepreneurs are “pushed” into entrepreneurship due to unfavorable financial circumstances.

### *Firm Growth and Motivation for Growth*

In business literature, there are various definitions of firm growth. To describe how a business proceeds, researchers have used multiple measures, including sales, profit, number of employees, asset and firm changes over time (Børke and Trossmark, 2016). Some studies even debate using multiple measures at the same time to measure the multifaceted growth (Eijdenberg et al., 2015). Børke and Trossmark (2016) reviewed the different growth definitions. They assessed that the definitions could be sorted into two ways, as Penrose mentioned in his 1959’s research: growth as an increase in size, and growth as a development process.

Ekstrom and Pallin (2018) revisited previous literature on business growth. They found that most research paid attention to growth as an outcome, trying to understand growth through different measures, such as assets, market share, output, or profit. In contrast, this study focuses on the challenges during the growth stage and the decision on whether to pursue growth. This study examines the different challenges that an entrepreneur needs to address as a result of firm growth. The managerial challenges could be the organizational decision, structure, activities, or the change of the founder’s responsibilities as the firm grows.

Scott and Bruce (1987) assessed that these growth outcomes include a significant change in the management role, from supervision to delegation, and in the organizational structure, from a simple structure to a more complex, centralized one. They propose five stages in a small business life cycle: inception, survival, growth, expansion, and maturity. In each stage, a crisis precedes the evolution to the next stage, and there is always a possible failure at each of the crisis point. The focus of this model is the management role, management style and organizational structure needed for growth. With this growth model in mind, this research looks into the transition from stage 2 (Survival) to stage 3 (Growth) to see how the entrepreneur's management role changes that accompany the transition, and what decisions could be made.

McKelvie and Wiklund (2010) assessed that not all SMEs are prepared to make necessary changes for growth. For many entrepreneurs, their objectives to found an SME are not only economic gain, but also a desire for independence, control and personal development (Jayawarna et al., 2013; Ly-Le, 2021). Thus, they give priority to other aspects than to facilitate growth. Further, some SME owners are even against growth. They think the bigger the company, the more vulnerable it is during a crisis (Wiklund et al., 2003; Davidsson et al., 2007). As a result, for SMEs, growth is not always desirable, and the motivations for growth are usually debatable. To discuss the rationale behind these motivations, or demotivations, Table 1 presents some advantages for an SME to stay small and advantages to grow.

**Table 1.** *Advantages of Staying Small versus Advantages of Firm Growth for SMEs*

	<b>Advantages</b>	<b>Reference sources</b>
<b>Staying small</b>	Simple organizational structure with a high level of flexibility.	(Steffens et al., 2009)
	Founders can manage more easily.	(Børke & Trossmark, 2016)
	SMEs can have better profitability than firms pursuing growth.	(Penrose, 1959)
	Growth may jeopardize the existence of SME firms.	(Poutziouris, 2003)
<b>Growth</b>	Employees can enjoy more personal development and career opportunities.	(Børke & Trossmark, 2016)
	Firms can achieve benefits from economies of scale.	(Børke & Trossmark, 2016)
	Growing firms have better profitability and sustainability.	(Orser et al., 2000)

Assessing motivation in relation to growth, Børke and Trossmark (2016) discussed that a founder's motivations might not directly facilitate or hinder a firm's growth; however, the motivations are believed to influence the founder's decision in the business, and in turn, affect the growth. Different entrepreneurial motivations correlate with different levels of observed firm growth. Founders with "push" motivations, launching a firm out of necessity, are usually lack of desire to cultivate the firm, resulting in slow or low growth (Eijdenberg et al., 2015). On the

other hand, founders who are driven by wealth, achievements or challenges usually have a more substantial desire for growth, yielding better firm performance (Jayawarna et al., 2013).

Further, on the entrepreneurial motivation-firm growth relationship, Børke and Trossmark (2016) argued that this relationship is more robust in SME contexts. In smaller firms, the founders play a more significant role, which is often a managing role with overall higher control, than in larger firms. Thus, their motivations and decisions make a more significant impact on the firm's strategies and culture, which translate into growth aspiration. Therefore, this present study aims to understand the founder's motivations to start a business, and to see how the motivations influence their decisions in the growth stage.

### *The Founder/Entrepreneur's Skills Needed for Growth*

The literature review identified three types of skills that could affect a company's performance: industry or technical skills, management or organizational skills, and entrepreneurial skills. Among them, industry skills include operational details of the enterprise industry and work-related research, development, or communication skills (Cooney, 2012). These skills have a significant direct impact on growth (Eravia et al., 2015). The second type, management skills, includes opportunity identification, business planning, decision making, finance, marketing, and other business-related skills (Cooney, 2012). These skills have a significant indirect impact on growth (Eravia et al., 2015). The last type is entrepreneurial skills. They are defined as risk-taking, determination, innovation, and internal discipline (Cooney, 2012). Other scholars (e.g., Hayton, 2015; Mitchelmore and Rowley, 2013; Sony and Iman, 2005) considered entrepreneurial skills a general term to describe both industry and technical skills that are specifically related to a new business.

In all cases, the skills needed for each business stage are different (Eravia et al., 2015), and the business founders much identify the skills suitable for each stage to make an effective transition through the different stages of growth. As the company grows, the roles and responsibilities of the founders begin to change as well. The founders must adapt to their roles (Kimberly and Miles, 1980) and are expected to assume more management roles and focus more on operations (Shah et al., 2013). Consequently, in the growth stage, the management skills are found to be more important than industry-specific skills (Picken, 2017; Ly-Le, 2021).

### *Entrepreneurship in Vietnam and the Focus in the Public Relations Industry*

In 2018, the Amway Global Entrepreneurship Report surveyed about 50,000 respondents in 44 countries about their attitudes and perceptions toward entrepreneurship. According to this report, Vietnam has the highest desire to start a business, with 91% of Vietnamese surveyed said that they see starting a new business as a desirable career opportunity (Amway, 2018). This result shows how positive Vietnamese people perceive entrepreneurship. Promoting entrepreneurship is thus considered one of the most critical measures of Vietnam's economic

development (Vu and Vu, 2020). Many governmental and independent programs, policies, and funds are designed to support Vietnamese entrepreneurs.

However, moving beyond the launching stage, the entrepreneurial journey of Vietnamese founders does not look as promising as they initially perceive. Vietnam is among the 20 countries with the lowest ability to succeed in a business venture, with only a 3% successful rate (Amway, 2018). Vietnam Chamber of Commerce and Industry also estimated that Vietnamese start-ups have less than a 10% probability of success (Vu and Vu, 2020). This poor outcome may indicate that the distance between (entrepreneurial) aspiration and concrete action is too great. Vietnamese entrepreneurs would need to acquire the necessary skills, education and knowledge to prepare themselves during the business venture better.

For this research, the author chose the public relations industry to study its entrepreneurs' motivations. As there is no official public relations association in Vietnam, and public relations is not recognized as an independent category for business registration purposes, it is difficult to know the exact number of public relations agencies in this market. In the Brands Vietnam directory of global and Vietnamese agency networks, in 2019, there are 24 public relations agencies and 25 communications agencies in Vietnam (Brands Vietnam, 2019). A review of different listings of public relations agencies or communications agencies in Vietnam on popular industry directories (Vietnam's Yellow Pages, Sortlist, Brands Vietnam, Clutch and LinkedIn) shows that most firms in this industry are SMEs. They have fewer than 50 employees and 10 billion VND (440,000 USD) in registered capital. While the research information is outdated and the directory is not comprehensive and only includes self-listed companies, they provide a general outlook of the industry.

Despite its rising importance, there are a minimal number of studies on the topic of the public relations industry in Vietnam (Ly-Le, 2019). Among them, no previous work explored why an entrepreneur decided to venture into public relations, and how they planned to grow their firms in this dynamic industry. The inadequate attention to the field calls for better understanding and research on this topic. Further, a study on this topic could also benefit the marketing, advertising, communications and the broader professional service industries. All the listings and directories in Vietnam group these industries together, and many agencies offer more than one of these closely related services. It is thus safe to assume the entrepreneurial stories and challenges of these industries are quite similar.

## **Methodology**

### *Grounded Theory*

This study was guided by the grounded theory approach to produce and construct an explanatory theory that uncovers this relatively new topic in entrepreneurship in Vietnam, with a focus on the public relations industry.

According to Kemp (2016), the best-suited methodology to understand the phenomenological experience of becoming an entrepreneur is a qualitative,

systematic approach. As an entrepreneurial experience is complex, a researcher needs to carefully assess the previous literature in entrepreneurship to understand the entrepreneurial nature and attributes. A researcher also needs to identify concepts and categories from the narrative responses of participants, and compare them with the literature to determine what has been overlooked. Accordingly, Kemp (2016) proposed the use of grounded theory as an analytic tool to review the previous literature, to understand the background information, as well as to initiate theory development for the entrepreneurial experience.

Grounded theory was chosen as it allowed the researcher to follow the leads in the collected responses to generate relevant themes that are grounded in the data.

#### *Data Collection and Analysis*

The study used a qualitative analysis of a series of in-depth interviews with public relations agency founders in Vietnam. The participants are founders or co-founders of a public relations or communications agency in Vietnam; their agency offers public relations as the core service or one of the core services; and their agency is in or has passed the business growth stage. Founders of an agency that is part of a regional or international group when it was launched were excluded from the sample.

After each interview, the researcher used the snowball sampling technique and asked the participants to refer other suitable founders in their network to participate in this study. The researcher interviewed twelve qualified founders and found a high degree of consistency in theme responses and made little additional change to the codebook. It was then considered data saturation, as the answers no longer provide new information.

The participant profiles are presented in Table 2. Their demographic information was varied as they are of both genders and from companies with varying ranges of years in business and years entered the growth stage.

**Table 2.** *Profiles of Interview Participants*

<b>Participant</b>	<b>Gender</b>	<b>Agency established</b>	<b>Entered growth stage</b>
A	Male	2004	2005-2006
B	Male	2005	2009
C	Male	2002	2008
D	Male	2011	2014
E	Male	2003	2007
F	Female	2015	2018
G	Female	2014	2017
H	Male	2014	2016
I	Female	2009	2016
J	Female	2015	2017
K	Female	2004	2015
L	Male	2003	2008

The interviews were transcribed and analyzed for patterns and differences



across responses and scenarios. The data were then inductively coded into open codes with delineated concepts, further refined into axial codes with identified concepts, and finally integrated into selective codes with core concepts. The codes were compared with previous literature to explain the behaviors and responses of the participants. The findings in this study reflected the generation and analytical conceptualization of the grounded theory.

This study's methodology, approach and instruments were approved by Ryerson University's Research Ethics Board (application #REB 2019-455).

## Findings

The twelve interviews were transcribed and coded line-by-line. Twenty-six categories were identified and further grouped into seven core concepts. The themes, concepts and codes obtained from analyzing the interview transcripts are presented in Table 3.

**Table 3.** *Theme Mapping*

Theme	Core concept	Focused code
Founder's motivation to launch the company.	<p>"Pushed" motivation.</p> <p>"Pulled" motivation.</p>	<p>Had unsatisfied employment.</p> <p>Everyone else is doing it (founding their companies).</p> <p>Have support from a partner.</p> <p>Support self and family.</p> <p>Seek challenge.</p> <p>Take the opportunity as it arises.</p>
Challenges faced during the growth stage.	<p>Client-related challenges.</p> <p>Management-related challenges.</p>	<p>Finding new clients.</p> <p>Retaining clients.</p> <p>Keeping up with client's demands.</p> <p>Serving clients in unfamiliar sectors.</p> <p>Founder to multitask.</p> <p>Business management.</p> <p>Staff recruitment and retainment.</p> <p>Setting up company's policies and processes.</p> <p>Capital and cash flow.</p>
Skills needed to control the company.	<p>Professional, industry-related skills.</p> <p>Business skills.</p>	<p>Professional expertise.</p> <p>Updated knowledge in the (PR, communication) fields.</p> <p>Journalism knowledge.</p> <p>Good understanding of clients.</p> <p>Business vision/Strategic thinking.</p> <p>Consulting skills.</p> <p>Management, human resource</p>

		and finance skills. Negotiation skills.
Strategies used to grow the company.	Avoid high growth and pursue moderate growth.	Keep the business small, 'boutique' and selective. Maintain moderate and sustainable growth. Maintain company structure from the beginning.

### *Entrepreneurship as a Response to External Situations*

The interviews suggested that most Vietnamese founders in the public relations industry made their entrepreneurial decisions because of various “push” factors. Their founding journey was not based on their personality traits, need for achievement, ability to take risks, tolerance for ambiguity, or preference for control. They founded their businesses as a response to external situations, such as the founder previously had unsatisfied employment, the founder sees that everyone else is founding their companies, and the founder receive support from a partner.

The so-called “motivation” to launch a company is sometimes as simple as a boring job or a less-than-compatible supervisor that gave the participants a “push” to start their own business:

“When I negotiated with my boss about a reasonable salary, she said she couldn’t get a raise immediately and I had to wait a bit longer. In that situation, I decided to open the agency earlier than expected.” – Participant B.

“At that time, I wasn’t really ready to run a new business on my own. But my supervisor then didn’t share the same opinions with me, so I left.” – Participant J.

Other pushes to launch a company includes peer pressure and having support and encouragement from a trusted person:

“Many business articles I read at that time listed opening your own company in the bucket to-do list before one turn 35. And I saw that lots of my friends working in agencies still have their own companies, and the cost to set up a company is meager. I just follow suit.” – Participant G.

“I had many opportunities and was invited by some other companies, but I still chose to open my own company because I trusted my partner. She helped me before. She used to be the head of my division when I worked at [my previous company]. She was an inspirational and reliable person, so I chose [to start this business with her].” – Participant H.

Two participants discussed finances as their motivation: they started their company for financial reasons to support themselves and their families.

“I have always felt and still feel in the current situation that my security and my family security come before me being an entrepreneur, running my own, controlling my own destiny than working for other people. So I knew I wanted to start my own business.” – Participant C.

Five participants identified their motivations both as a necessity (“push” factor) and an opportunity (“pull” factor). They had a change in employment status but they did not plan to start a business; then they saw an opportunity arises (a business offer, a sizeable project to work on), and they simply took the opportunity and launched their companies.

“What inspired me to [launch the business] is essentially just a bit of a spirit of adventure. If I don’t say yes to this opportunity that I may never get this opportunity again. And I always knew it is easy for me to move backward. If it didn’t work out, I could always go back to Singapore and be an account director again. The experience wouldn’t hurt.” – Participant A.

“Actually, I didn’t think that much. I simply had many opportunities. A certain number of customers who were working with me in my previous company. When I quit, they still wanted to work with me. I had to set up a legal entity to sign contracts and issue invoices to them, and that is why I started a new business.” – Participant J.

### *Entrepreneurship as a Constant Tackle on Management-Related Challenges*

The participants’ perceived challenges during the growth stage of their agencies can be refined into two main concepts: client-related challenges, and management-related challenges.

The first concept includes the different client-related challenges: finding new clients, retaining existing clients, keeping up with clients’ demands, and serving clients in unfamiliar sectors. These challenges were mentioned by six out of twelve participants. Among them, finding new clients was regarded as the most challenging task by four participants. This task does not only present in the growth stage, but it has been the number one concern of the agencies from the very beginning, as participant B shared:

“Many people believe that if they have a strong relationship with one or two loyal customers, they will support them in the early stages of the startup. However, a business based on a certain number of customers will often lead to failure after a short time.”

For participant J, having a constant flow of new clients not only brings revenue needed for company growth, but also gives the employees opportunities to learn and grow professionally:

“I am still worried that if there were no customers, how could I have money to hire staff, pay for staff, and so on... I also need a sufficient number of customers for my employees to learn from the experience and develop themselves.”

The second, and more relevant, concept is management-related challenges, which were mentioned by all twelve participants. These challenges include the founder’s multitasking, overall business management, staff recruitment and retainment, setting up the company’s policies and processes, and capital and cash flow. Among them, staff issues were the most common challenge, with seven participants agreeing that it is their constant concern. It is difficult to find the right

person for their agency, as participant A shares:

“Finding talented people that fit in with your culture is hard. You might find people that fit in great in the office but have no talent. You might find people that are incredibly talented in terms of their hard skills, but then everybody, all of their colleagues, hate them.”

After recruitment, it becomes even more challenging to retain the employees over time. Public relations practitioners usually work very closely with each other; and when they leave, they often leave together, making it even more challenging for the company:

“Retaining and developing talent is just as hard. People come in groups; they start around about the same time; they form their little groups. And then they all leave at the same time. So you’ll find that at first, you have very little turnover; and then all of a sudden, you wake up one day, and you have 15 resignations in the course of three months; and everybody’s gone. You have like 100% turnover.”

In accordance with the types of challenges an entrepreneur faces during their business growth stage, the participants identified two types of skills needed to control the company during the growth stage: professional or industry-related skills and business skills. Each concept was established from different related nodes.

The first concept, professional or industry-related skills, was associated with professional expertise, updated knowledge in the (public relations or communication) fields, journalism knowledge, and a good understanding of clients. Four participants mentioned that the skills needed are professional, public relations, or communications skills. Among them, two people stated that the industry is changing quite quickly so the founders must continuously update their knowledge in the fields:

“I have to study every day... Our learning process in running the company is relentless. We must continue to refresh ourselves through short-term courses, formal training programs, our colleagues and clients.” – Participant I.

Having a journalism background also gives the advantage of moving the company forward. Public relations and media are two closely related fields. Thus, if a founder has a journalism background, they can be familiar with the journalism practice and have a good relationship with the media network.

“I have a journalism background and I’ve been working [as a journalist] for seven years. Therefore, I always understand journalists’ needs as well as have a strong relationship with the press. That will give me many advantages over other agencies.” – Participant B.

In addition, a founder should have a good understanding of their clients and excellent professional knowledge, so that they can sell themselves and their business better to the clients.

“My great asset is that I can understand my clients and know what would work for them. I know how to give suitable offers, find the right people to work on the job, and how to manage client leadership.” – Participant L.

“I think [the needed skill for growth] is expertise. I was quite recognized in the market. I specialized in social media and personal branding at that time in the industry. That's my strong point, so when I met my customers, they knew that I was running a marketing agency and they were happy to work with me.” – Participant J.

On the other hand, business-related skills were perceived as essential skills for growth by all participants. They thought that business skills or business-related soft skills are more important than public relations skills, because a founder spends more time managing the company than working directly with a client. This concept was associated with business vision, strategic thinking, consulting skills, management, human resource and finance skills, and negotiation skills.

Five people stressed that management, human resource, and finance skills are most needed.

“I strived hard to improve my professional knowledge at first, but when we reached the growth stage, I had to equip myself with management knowledge. The company can't grow if it is not well-organized, structured and financially healthy.” – Participant K.

“I didn't know how to manage the cash flow, so I often had shortages or unreasonable expenses. I must learn how to manage it more effectively, save money, and cut unnecessary expenses. I also learned to manage employees better, to arrange each person's tasks to balance the workload for them. Those are the critical steps of the company.” – Participant J.

In addition, strategic thinking, consulting skills, and negotiation skills were also mentioned as needed for growth. Each idea was mentioned by one participant.

“I think the leaders of the companies should have the vision to predict what will happen in the next five or ten years. It's very important because once we see the future clearly, the corporate structure, services, the strategy we implement, and the way we manage people will be different.” – Participant E.

“I think one of my strengths is consulting. When a client has a request, I can work with the client to dissect their problem and help them achieve more than their original request.” – Participant D.

“You need great negotiation skills. Because again, the likelihood is that you're on the very edge of profitability, and you're serving on the very edge of cash flow. And having to negotiate with suppliers and having to push clients to pay their bills on time and accept favorable payment terms and things like that is very important in the growth stage.” – Participant C.

However, it is worth noting that at the end of the day, developing a founder's management skills may not be enough to address all the challenges. The staff turnover issue also depends on the nature of the agency and the public relations industry. With the majority of the agencies being small or medium businesses, an employee does not have much room for new challenges, personal development, or career advancement. As a result, they may either apply to more prominent,

international companies when they have the right qualifications, or start their own companies.

“After working for a while and gain enough knowledge in the field, [the employees] would think of starting their own business. I always support that intention, but it is a challenge for the company leaders.” – Participant E.

“Young people like to work in large corporations because they have many opportunities for advancement, high salaries, and broadened social circles. That means we can’t retain our employees even if our company tries to pay them well.” – Participant I.

### *Entrepreneurship as a Preference of Staying Small*

The interviews addressed the different strategies the participating founders used to grow their companies. All participants mentioned they preferred their agencies to remain small with little changes over time. Three concepts were derived from the responses: keeping the business small, “boutique” and selective, maintaining moderate and sustainable growth, and maintaining the company structure from the beginning.

The first concept is keeping the business small. One participant stressed that being a small, boutique agency has its own advantage, and he does not intend to grow his number of staff to a mid- or full-sized agency. For him, being small means that he can be more selective of his employees and projects. He can spend more time getting to know his team, learning about the current market trends, and making more informed decisions.

“By keeping [the company] boutique, I can carefully select my team members, my suppliers and other collaborators. I can build trust with my clients and partners, because they know everything I do is set to a high standard.” – Participant H.

Two participants agreed on the second concept, which is instead of pursuing high growth, they maintain a moderate level of growth.

“I will try my best to maintain the growth at present and in the near future. In the next five years, I will [still position my company as an] independent agency. I am trying to be among the best independent agencies in Vietnam.” – Participant B

“I think that the way things stand at the moment, I’m able to make a decent living, and the company is profitable. I’m not looking to triple the size of the company [or pursue high growth]. I want to cement our position where we are now.” – Participant C.

The last strategy concept was mentioned by one participant. He wanted to maintain the company structure from the beginning days, as it had proved to perform well, and he did not want to make any changes.

“The structure of the business for almost ten years has been very stable. And we’ve developed the business with similar size of the team in Ho Chi Minh, but expanded the business into areas where we’re able to take on much larger contracts, with

broader geographical coverage and different segments of the business.” – Participant C.

## Discussion

None of the participants in this study had business experience before deciding to launch their firms. They received training in journalism or public relations, and some of them had worked in (public relations) agencies beforehand. Naturally, in the beginning, none of them had sufficient management skills. Therefore, during the growth stage, as the managerial tasks became more complex as the company grew and the founders must spend more time running the company than working directly with clients, all twelve participants found the managerial tasks more challenging than client-related tasks. The challenges mentioned include the founder's multitasking, managing and operating the business, recruiting and retaining staff, defining company policies and processes, and working on capital and cash flow. The findings support the reviewed literature, which assessed that during a business growth stage, entrepreneurs have more managerial responsibility (Shah et al., 2013) and managerial skills become more important than industry skills (Picken, 2017) to address those responsibilities.

Further, the founders of the Vietnamese public relations industry had different motivations to start their company. Most of the participants in this study demonstrated a “push” motivation. They started up unwillingly as a response to an external situation. Their entrepreneurial motivation and the motivation for business growth agree with the “push” profile: as they started up out of necessity, they usually do not have the motivation to cultivate the firm, so their firm growth is slow or low (Eijdenberg et al., 2015).

Some founders are less likely to make the changes needed to grow (McKelvie and Wiklund, 2010). This assessment is particularly relevant for SMEs. This is because some SMEs prefer sustainability to fast growth. This preference was demonstrated in the responses of this study. All twelve participants choose to have their agencies remain small, “boutique” with moderate and sustainable growth, and maintain the firm structure as in the launching stage. For them, being small means better management and more informed decision-making. These reasons are consistent with the findings from the reviewed literature that SME entrepreneurs believe that larger companies are more vulnerable during crises (Wiklund et al., 2003; Davidsson et al., 2007). Smaller companies are more flexible and easier to manage (Steffens et al., 2009; Børke and Trossmark, 2016).

## Implications

As Remenyi (2014) states, grounded theorists distinguish between substantive and formal theory, each recognized by some degree of abstraction. He further points out that, in the social sciences, the development of formal theory from grounded theory is beyond the reach of most research projects. This study does provide substantive theory in its findings on public relations SMEs in Vietnam, that is capable of some degree of abstraction that meets Remenyi's “plausibility”

criteria. These findings are likely of relevance to other professional service firms in Vietnam and, perhaps, more broadly. In essence, the often-expected growth objective of professional services startups in emerging economies may be tempered by a lack of availability of suitable managerial talent to support delegation and growth. It further identifies that the potential for small professional services firms to prosper and grow can be inhibited by the lack of managerial skills of their professional founders.

### *Limitations*

The qualitative approach and nonprobability sampling technique of this study may limit the representativeness and generalizability of the findings. Future studies may consider probability sampling technique to overcome the limitations of this study and generalize the results more broadly. However, given these limitations, this study still has unique academic value. It provides insight into Vietnamese SMEs and entrepreneurship, especially the public relations entrepreneurship. It highlights the entrepreneurial motivations, challenges and the skills perceived to be important during the growth stage.

### **Conclusion**

SMEs have long played an important role in the global economy, creating jobs and driving national growth. With this growing importance, particularly in the Asia-Pacific region, the demand for research on these topics increase and benefit academia and public relations professionals alike. A more diverse and robust academic research will benefit the industry practitioners as they can avoid risks, improve, adapt, and contribute to the repertoire of best practices.

This study gives a practical application for the founders' motivations and growth process. It provides insights to founders in the growth stage through the experience of the studied entrepreneurs. Other entrepreneurs can learn from the experience to make the decisions that best fit their company. A founder/manager is at heart a decision-maker. Having a "checklist" of how the bench strength can continue to deliver, based on the criteria that define quality expected to be executed by the founders, will bring peace of mind and release the founders from the day-to-day deliverables. As the public relations agency grows, so do the opportunities and threats from the clients and the competitions. Having a strategic mindset will enable the founders to remain relevant and be able to do what is in the best interest of the firm.

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