

# Necessity for the policy to reinforce the role of universities from innovative startup competitions at the innovative startup ecosystem in Vietnam

*Necessidade da política reforçar o papel das universidades a partir de competições de startup inovadora no ecossistema das startups inovadoras no Vietnã*

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## Abstract

Universities have always been a place to grow and foster innovation, which often leads to the founding of startups and the introduction of innovative goods or services. One key contributor to this occurs in the form of innovative startup competitions on a university level. In this paper, we highlight the role of such university startup competitions in providing a favorable environment for students to participate in innovation activities and to organize contests of innovative startup ideas. We further categorize innovative startup competitions in Vietnam as a real-world example, and present the results of a local survey on university student participation in innovative startup competitions. Finally, we suggest various solutions as the necessary policy to strengthen the role of universities in the existing startup ecosystem.

**Keywords:** Innovative startup; startup competitions; startup ecosystem; Vietnam.

## Resumo

As universidades sempre foram um lugar para crescer e fomentar a inovação, o que muitas vezes leva à fundação de startups e à introdução de bens ou serviços inovadores. Uma contribuição chave para isto ocorre na forma de competições de start-ups inovadoras em nível universitário. Neste artigo, destacamos o papel de tais concursos de startup universitários em proporcionar um ambiente favorável para que os estudantes participem de atividades de inovação e para organizar concursos de idéias inovadoras para startup. Além disso, categorizamos as competições de iniciação inovadora no Vietnã como um exemplo real, e apresentamos os resultados de uma pesquisa local sobre a participação de estudantes universitários em competições de iniciação inovadora. Finalmente, sugerimos várias soluções como política necessária para fortalecer o papel das universidades no ecossistema de startup existente.

**Palavras-chave:** startup inovador; concursos de startup; ecossistema de startup; Vietnã.

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## Introduction

In 2018, more than 3,000 startups were operating in Vietnam, with a total of 889 million USD invested across 92 deals. According to Software Technology Park (ITP) and Vietnam National University-HCM data, 80.X% of startups failed due to not having a viable startup idea, and 90% of young start-up entrepreneurs failed (Nhung, 2018). Thus, ITP has raised the question: Do young people start businesses too early in life? This does not assume they are too young to found a company, but they lack the experience, education, and financial management skills (ITP, 2018). One OECD report (2013) also showed the failure rate of startups in developing countries accounts for 8-14% per year and is likely to increase. Traditionally, the Vietnamese education system especially has not focused on instilling the inspiration to startup in the young generation (OECD, 2013). In 2021, Vietnam went up in rank to 44 out of 132 countries on the global innovation index (WIPO, 2021). This is the result of various reforms in research funding, university autonomy, and commercialization of research results, including technology transfer centers.

However, the current system of scientific research and innovation in Vietnam generally focuses solely on creating new knowledge through research projects at universities and institutes, with very little effort in transferring knowledge into practical aspects of society or the economy. Moreover, many schools assert that their mission is to train students so that they can find jobs after graduation rather than training them to start businesses to create jobs instead of seeking jobs.

Innovative startup contests are one form of experiential learning activities which attracts learners and help teachers achieve high efficiency in education, training, and value orientation. These contests are always competitive and participants actively strive to win. Therefore, organizing contests for learners is an important and necessary requirement of schools and teachers in the process of organizing experiential activities.

The purpose of organizing innovative startup contests is to: attract students to actively and enthusiastically participate in educational activities; meet the demand for entertainment; facilitate talent and creativity; develop learners' ability to work and interact constantly; and stimulate interest in the cognitive process.

To successfully create a sustainable national startup ecosystem, Vietnamese Prime Minister Nguyen Xuan Phuc directed the country's universities with project "Supporting Students to Start a Business by 2025" to focus on supporting students to start businesses and identify the importance of innovative startups. Dung (2019) stated on this topic that the "university must be a place to provide information, create an environment for students to start their businesses. Besides, they need to organize activities to inspire students to set up their businesses. At the same time, universities should connect lecturers, their science research topics, and students with the resources from schools; organize contests to seek and nurture creative startup ideas and support them to become increasingly complete in order to help graduates to successfully start their businesses" (p. 9).

According to the TOPICA Founder Institute (2019), universities play an important role in all three main stages of innovative startups: (1) idea generation; (2) product development; and (3) growth. In the first stage, lecturers and supporters act as inspirers who provide information, introduce successful examples, share experiences, and support team

development through promoting interdisciplinary cooperation among students. Once startups have products or services, schools need to provide basic business knowledge such as law, tax, accounting, and workplace support for their founders. In the third stage, when many startups in the ecosystem develop their businesses prosperously, schools need to play a pioneering role in providing business talents and competent human resources with innovative mindset, skills, and experiences for sustainable business growth (TOPICA, 2019).

Further, Tien and Viet (2016) showed in their comprehensive literature review that the factors affecting students' entrepreneurial intention in previous studies can be classified into different groups: entrepreneurship education program, environment, motivation, personality, mindset, attitude, and gender.

Nhi and Chuong (2017) surveyed 250 samples and analyzed these data using the model exploratory factor analysis, confirmatory factor analysis, and structural equation modeling.

Aşkun and Yildirim (2011) demonstrated that entrepreneurship courses greatly influence students' entrepreneurial intentions, which strongly supports the viability of entrepreneurship education programs in universities. Focusing on the topic of practical startup training, Taatila and Down (2012) concluded that students joining different training programs have different entrepreneurial tendencies: For instance, students with business experience tend to start a business more than students without business experience; students who see entrepreneurship as a positive profession will have a higher tendency to start a business than students who see entrepreneurship as a negative profession. This contradicts Kuckertz and Wagner (2010) who stated that individuals without actual business experience have a higher tendency to start a business when compared to those who have actual business experience. Meanwhile, Dodescu et al. (2014) concluded that the practice stages encourage students in economics to practice entrepreneurship.

Thus, universities equip learners with the skills, knowledge, and experiences to be well-prepared for starting a business once they have an innovative idea. At the same time, universities also perform their role in providing high quality human resources for society. In order to train and develop entrepreneurship among students, universities need to create an overall environment for students to experience, discover, and accumulate knowledge and skills about entrepreneurship.

## Methodology

The authors conducted a short survey at several universities in Hanoi to investigate the level of students' participation in entrepreneurship and innovation in 2018 when the Vietnamese government first launched the National Entrepreneurship Program. The researchers sent out 200 questionnaires of which 162 were collected.

The Business Challenges Section 5 by VNU-University of Economics and Business (VNU-UEB) accounted for 56 teams, with each team comprising 4 to 5 students. Students remained at the superficial "idea" stage during the last four Sections; and this Section 5 was the largest cohort of student when compared to the first four Sections.

Previously, Thu and Hoang (2018) surveyed 368 Vietnamese students who had started a business at universities in Ho Chi Minh City, Binh Duong, Dong Nai, and Ba Ria

Vung Tau. Their results highlighted the important role of feasibility perception in entrepreneurial intention (i.e., goal and action intention), thus reaffirming the relationship between entrepreneurship awareness and entrepreneurial behavior. To the best of our knowledge there has been no similar survey reported in existing literature.

## Results

A short survey (n=162; 47% female) at several universities in Hanoi sought to identify the level of students' participation in entrepreneurship and innovation. The majority (91%) of participants are third and final year students, the remainder are first-year and second-year students.

Most (88%) respondents are working part-time to increase their income and accumulate knowledge, the remaining 12% do not work outside of studying for university. Among those working part-time, 44% have income from 3-5 million; 39% have incomes over 5 million; and 16% have income from 1-3 million.

The average monthly spending of students ranges from 1 to 3 million, accounting for 52%; 33% spend from 3 to 5 million; 10% spend over 5 million; and the remaining 5% spend less than 1 million.

Table 1 – Survey answers on students' participation in startup competitions

Answers	Number of votes (n=162)	Percentage
No, I haven't	142	88%
Yes, I have	20	12%

Table 1 shows that 12% of respondents stated they previously participated in an innovative startup competition. A total of 88% of respondents answered that they had never started a business.

Table 2 – Survey answers on startup experience of students

Answer	Number of votes (n=20)
Owning a project	0

Supporting a project	16
Participating in operating a project	4
Contributing capital	0

Table 2 indicates that the majority of students have no experience in starting a business; only 20 (12%) out of 162 respondents have participated in any startup competition and only 2 (1%) out of 162 have ever led a project. A total of 30% of respondents stated they are starting a business or have a startup idea.

Table 3 – Survey answers on important factors to initiate a startup project

Answer	Number of votes (n=162)	Percentage
Idea	28	17%
Funding and budget	74	45%
Time	14	9%
Experienced mentor	40	24%
Location	6	5%

Table 3 clearly shows that students believe the most influential factor in entrepreneurship is access to funding (45%). The second most influential factor is a lack of experience (24%) to start a business. They do not know where to start, who to consult or to whom to express their research ideas so that they can launch a startup. There are students who think that they are still very vague in embarking on a startup project, becoming anxious and discouraged, and feeling that starting a business is too difficult. This shows that the university needs to provide information resources to help students acquire knowledge of innovative

startups and connect with businesses so that they can gain more learning opportunities and accumulate experience, to become more confident and courageous.

Standing at the third place is lacking ideas (17%). One of the reasons for this is that students lack initiative and creativity when it comes to conducting research and generating innovative ideas. Therefore, students need to be more active in researching, seeking learning opportunities, improving practical knowledge, and observing the demands of society.

In addition, other factors such as time, research environment, facilities, or the role of teachers in orienting and equipping students with more skills and knowledge about entrepreneurship should be considered.

## Discussions

The current Vietnamese startup community features many prominent startup competitions, such as Kawai, Startup Weekend, Hatch, Startup Wheel, Seedstars World, and various unbranded business challenges. These competitions are well-organized and conducted methodically to help startup individuals and groups challenge themselves and their projects. Some of the most prestigious competitions in Vietnam are as follows (Vista, 2022):

- The *National Startup Competition* is initiated and held annually by the Business Forum Newspaper since 2003 under the direction of VCCI and the coordination of many ministries, departments, and localities across the country. The contest aims to stimulate creativity, dynamic thinking, and business inspiration for young generations across the country. Through setting up business startup projects and learning about business, young people will gain experience and knowledge about business. More importantly, in the contest, feasible projects will be consulted for completion, connected with project investors, and supported to become businesses. Over the past 16 years, the contest has received the enthusiastic response and participation of thousands of young people and students across the country with more than 4,300 projects, and among these, hundreds have been implemented. In the 17th contest in 2019, its scale continued to be enlarged nationwide, welcoming domestic and foreign students who have ideas and want to start business or have started businesses.
- On July 5, 2019, in Hanoi, the Supporting Center for Youth' Startup, Israeli Embassy in Vietnam, held a press conference to announce the *Startup Hunt – Creative Idea Contest 2019*. "Startup Hunt" contest with the theme of Tourism, took place from July 5 to August 29, 2019, to implement the Youth Startup Support Programme 2019-2022 of the Central Youth Union Executive Committee issued on April 10, 2019. Participants in the contest were young people who have ideas or startup projects in the field of tourism in Vietnam. The contest consists of 3 rounds, and the Organizing Committee would establish a committee to select 20 best projects in total in the final.
- *National Innovation Day* - Techfest Vietnam is the largest annual event for the innovative startup community in Vietnam, chaired by the Ministry of Science and Technology, in collaboration with ministries, departments, agencies and socio-political organizations. Techfest Vietnam 2019 will present the overall picture of Vietnam's innovative startup ecosystem through a series of fascinating events and activities.

Techfest plays an important role in creating an international event for startups to reach potential customers, investors, experts, startup supporting organizations and other national and international media agencies. This is also an opportunity for the parties to share knowledge and experience and link components of Vietnam's innovative startup ecosystem from the central to local scale with the startup ecosystem in the region.

Along with the growth of the innovative startup ecosystem, Techfest Vietnam has also experienced a nearly 4-year process of construction and development with the joint efforts of enthusiastic individuals, contributing to the benefit of the community. Techfest Vietnam is an occasion to summarize and convey messages from the government to the ecosystem.

Since 2015, the program has attracted a total of nearly 15,000 attendees, 2,000 startups, and more than 1,000 domestic and international investors. Techfest Vietnam 2019 will celebrate an innovative startup festival in the US and Korea, and the appearance of "pillars" in the ecosystem.

- Since 2015, the *I-Startup Startup Contest* has been a program invested by the National Economics University with the aim to create a useful and healthy environment for young startups to share experiences and cooperate with each other, helping the contestants to show their creativity, express personal ideas and make their dreams come true.

- *SDG Challenge* is a contest held every two years by the United Nations Development Program with its partners. SDG Challenge seeks and nurtures startups that make a positive impact on society through a series of training, startup accelerator, technical advice, and investment connections for startups. SDG Challenge 2017 was successfully held with more than 200 application letters, 12 teams entered the final round and 4 winning teams continued to participate in the Startup Accelerator program and received a total investment of 85,000 USD.

To advance the achievement of the Sustainable Development Goals as well as promote the spirit of entrepreneurship, the SDG Challenge 2019: Innovative Solutions for Accessibilities was born. This is the first Startup competition in Vietnam focusing on the topic of finding products and solutions for disabled people. The contest promises to bring a platform to help startups develop solutions to support people with disabilities in a practical way and at the same time provide opportunities for the disabled community to experience and evaluate products which support their accessibility.

The teams that pass the SDG Challenge 2019 profile selection round will be able to participate in 6 training sessions on startup model building skills and product evaluation and consulting. During the training program, there will be many experts in the fields of entrepreneurship, investment, and especially representatives of disabled who will directly share their opinions and work with the teams to help them finish their products. The winning team of the Pitching Final round will have the opportunity to take a trip to Korea and an 8-week incubation course with many practical activities such as connecting with investors, consulting product technology, et cetera. The teams will also present their products at other prestigious events.

SDG Challenge 2019 is not merely a competition about entrepreneurship, but it is also an opportunity for everyone to join hands to create equal values which could help disabled people gain access to better services in life.

In brief, fact-findings showed that there were a clear direction from our Government and some big innovative startup competitions which were organized recently. There are some initial good results to raise the awareness of our students in participating in these contests. The set up and effective run of startup after the competitions at universities are very necessary. However, with our above-cited results of survey, most of students having good innovative ideas had never started a business due to lack of experience and other reasons. Therefore, the good policy to strengthen the roles of universities via innovative startup competitions at the innovative startup ecosystem in Vietnam is really necessary at that time.

## Conclusion

Amid the irreversible trend of globalization and the wave of the Fourth Industrial Revolution, human resources, intellectual capital, technology, and innovation have become the pivotal input factors in promoting the rapid development of every nation. In Vietnam's socioeconomic development strategy for 2011 to 2020, the development of highly qualified human resources together with science, technology, and innovation are considered one of the strategic breakthroughs. In addition to the function of training, the role of universities has become increasingly important in scientific research, technology development, and cooperation with the business sector to commercialize and apply technology in real life. Universities today are an important component in the startup ecosystem and Vietnamese innovation system. Leading universities must facilitate research; generate knowledge and technology for society; provide a great number of innovative ideas to startup projects; and contribute to the growth of intellectual property and intellectual capital of enterprises.

First, universities need to launch media work to help students gain a better understanding of entrepreneurship. Specifically, training institutions need to develop categories and topics to introduce students to the goals and objectives of startup, startup support programs of the government, localities, and school itself; publish articles, display products, and introduce student startup projects and ideas to motivate students and equip them with practical knowledge and experiences. Moreover, to create a macro change in the Vietnamese startup ecosystem, universities need to emphasize their training focus not only on academic knowledge but also on practical skills, e.g., communication and negotiation skills, team building skills, human resource management, problem-solving skills, crisis management skills, leadership, and strategic thinking, financial planning, financial management, creativity, and customer relationship management.

Finally, universities also play a role in facilitating and nurturing startup ideas. They have to create a favorable environment for students to participate in scientific research, organize startup idea contests, and create connections between groups to form startup projects. Universities need to have a business incubator in the early stages, like Block 71 in Singapore, to create opportunities for startup teams to realize their ideas. Library and laboratory space can also become incubator space, which is the starting point for primary startup projects, experiments, and initial research.

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