

Response of Vietnamese Private Enterprises' Leader under Global Financial Crisis: From Theoretical to Empirical Approach

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Abstract

The recent problems of Vietnam enterprises' bankruptcy and ineffective performance under the impact of global financial crisis 2008 - 2009 had raised questions about how important leadership is and how to support leaders in enhancing their leadership in order to keeping their enterprises alive with the hardship. This paper aims to presents an empirical study of business leaders through business decisions they made during 2008-2012 to ensure their companies' survival; their forecasts and expectations for when the recession is over and the competencies needed for successful leadership in times of recession. The survey sample was composed of 478 CEO and 561 senior managers in Vietnamese private enterprises. The results indicate that 84% of the surveyed leaders agreed with much longer time to tender economic recovery. Besides, forecasted leadership and management performance were just at moderate level, under 3.25 on the average. Struggling with challenges of recession, the leaders recognized some necessary adjustments and adaptations in which business environment becomes increasingly complex and unpredictable and requires greater flexible leaderships. Especially, amongst the 14 factors, sustainability, working enthusiasm and willingness to take risk appear to be more responded in what leaders should do in times of economic downturn. Meantime, it also can be concluded from the survey of senior manager about leader's needed competences that all values are under 4.0, which means no leadership competencies or skills is evaluated as good or excellent.

Keywords: leader, leadership, Vietnam, private enterprises

1. Introduction

The explosion of private enterprises (Note 1) in Vietnam in the last decade has been associated with institutional reforms for the private sector (Note 2) and with the opportunity to access inexpensive capital.

In Vietnam, the concept of the private sector began to be recognized since *Doi moi* (renovation) in 1986 (Cuong et al., 2008). However, it was not until four years later, when the Law on Private Enterprises and the Companies Law were enacted that we have witnessed the birth and growth of private enterprises, especially in the South of Vietnam. In the later stage of *Doi moi*, large private enterprises were often active in the field of consumer goods production to meet the huge demand from the local market at the time. Meantime, some of the first foreign banks (ANZ, BNP) came to Vietnam in 1990 and the private sector began to take off. In just 5 years from 1993 to 1997, there were nearly 20 thousand private enterprises newly established. (Note 3) At this stage, the first generation of entrepreneurs and business leaders of Vietnam was developed. However, opportunities always come with challenges. The battle to compete with foreign competitors has forced numerous businesses to go bankrupt or to sell their businesses.

The normalization in relations with the United States and in the joining of ASEAN in 1995 Vietnam showed that it had entered the international integration. The fact that the Law on Enterprises was amended 2 times in 1999 and 2005 stimulated *young people to have the ambition to take part in and to lead*. From then, the strength of the economy was raised and officially booming when the stock market and several commercial banks were born and foreign capital flowed torrentially into Vietnam from investment funds. By this way, private enterprises (Note 4) had opportunity to access easily to abundant capital loans.

Statistics showed that during 2005-2011, the number of new non- state companies reached increasing level, from 98.833 to 312.433 enterprises, equivalent to 216%. Compared to 2000, the number of newly established enterprises in 2011 rose approximately 497%, with the figure in 2000 being equal to 53.241 enterprises. (Note 5)

Discussing about characteristics of this sector, its employment was almost considered as family business or village scale, with an average number of 30 employees per enterprise, usually unskilled ones. In comparison, the average employees of a FDI enterprise was more than 300 and that of a State-owned enterprise was more than 500 (Thai, 2011). Other characteristic of non-state enterprises is they have been operating at smaller capital investment. The average amount of capital in period 2005 – 2011 was only in the range from 682,3 to 7.015,8 trillion VND, which is much lower than that of State enterprise and FDI enterprises. Regarding size of employment and of capital resource, enterprises in this sector are often small and medium ones (Note 6). Thanks to smaller employment and capital scales, not only recruit process but also management in this kind of enterprises could be done easily and much simply. From above features, establishing a private enterprise became easier than other kinds, the number of non-state enterprise was therefore increasing by time.

Private sector has strongly proven their vital impacts on Vietnam economy. In the last few years and even under the economic recession, the private sector has successfully implemented its social goals, creating greater employment, contributing to “poverty reduction”, tendering economic development (Thai, 2011). In more details, the increase in the quantity and capital size of private enterprises is first presenting the improved role of the domestic capital in the economy and how good Vietnamese effort is in utilizing available capital from citizens. From that, all achievements of private sector are associated with the facilitation of Vietnam economy. Private sectors recently contributed more than 30% of the net turnover of the whole country. In 2005, there was 833,8 trillion VND in private sector’s net turnover, accounting for nearly 30%. Its share was about to rise by more than 20% in 2011, in which private sector contributing about 54% of total net turnover in Vietnam. Besides, there was a big fraction of our labor force working in this sector, increasing from 46,4% in 2005 to 61,7% in 2011. The total output of Vietnam rose from 1588,6 in 2005 to 2412,8 trillion VND in 2011 (1.5 times in constant 2010 price), thanks to the relatively great contribution of the non-state sector, with its range being from 47,2% to 49,34%. All above outcomes are explained for how crucial the private sector is in supporting pace of economic growth in Vietnam in the last decade (Note 7).

However, private enterprises remained a series of shortcomings which made their “health” unstable, such as: small production scale, poorability to mobilize and save capital, weak management skills low-qualified workers, lack of technological know-how. (Thai, 2011). All these weaknesses have contributed to their low competitiveness recently, especially when the recession time comes.

Looking back to Vietnam in 2008 – 2009, financial and real estate bubble-breaking led to the collapse of a series of businesses. This recession touched the global economy, unlike the previous recessions, and the financial sector was identified as the main source of the crisis (Athey, 2009). It is marked out by its globally deep influence, the structural implications it has for the world’s financial systems and investment regimes, and finally by the profound hardship in many parts of the world (Greg Clark, 2009). Until now, after 5 years, the collapse has still had no sign of stopping. Consequently, in the last 5 years, the GDP growth of Vietnam has twice reached the bottom (the first time in 2009 when GDP growth reached 5.3% and the second time in 2012, when GDP growth was only 5.03%) (Note 8). These figures can be considered as signs of the likely prolonged duration of the crisis, and our economy might take longer time to tender recovery.

In addition, when the economy fell into recession, other monetary and policies was also enacted to maintain economy stable, including tighter lending conditions and declining purchasing power, private enterprises have therefore gone bankrupt or suspended operation. And only in the context of the crisis, the leaders’ spirit and their capabilities are most revealed (Le, 2012).

According to a survey of General Statistics Office of Vietnam in 2012, from 01/01/2011 to 01/4/2012, all bankrupt accounted for 8.4%, of which the non-state bankrupt enterprises took the highest rate (9.1%) (Note 9).

In order to deal with the collapse of private sector in Vietnam, many scholars, researchers and even business leaders agree that the key to success or failure in the past has been leadership capability and the crucial role of leadership. Greg Clark (2009) emphasized the solution of “*a need for leadership internationally, nationally, and locally*”. Additionally, Neil Lee et al (2012) said that: “*The current global recession is a crucial moment for local leaders*”. In their research, there were lessons from around the world involving how leaders should respond in places adversely affected by crisis. This research again, emphasized leader’s necessary ability to fight the economic downturn and challenges. To some extent, not only prosperous time but also economic downturn would the role of private sector be recognized; therefore, to facilitate private enterprises to overcome a crisis, leadership is considered as the vital factor.

By empirical approach, this study aims to show how leaders in Vietnamese private enterprises responded in the context of global recession and confront their responses with theoretical framework. Specifically, leaders’

expectation in economic prospect, self-assessed leadership performance, main challenges and top priorities under recession time, as well as needed leader's competencies are going to be investigated. From the survey's results, the study can be used as references for policy-makers to give initial assessment on the leadership in Vietnamese private enterprises and subsequently recommend some solutions so as to improve leadership in those enterprises.

Although there are many researches discussing about leadership and the expected responses of the leaders, a closer access to leaders' insight themselves have received little attention. In other words, none of the previous studies have concentrated on the perceptions of leaders in dealing with recession, although leaders are believed to be the one who gives final decisions that intrinsically affect business performance. The role of leaders and the improvement of leadership become much more prominent, especially in post-crisis period. Thus, this survey is expected to narrow this gap and contribute to the extension of other research.

Structure of the paper is as follows. The next section will be the literature review which includes some previous studies relevant to the topic. Subsequently, the paper discusses about survey methods, and finally the survey results and implications conclude the paper.

2. Literature Review

2.1 Leader, Leadership and Role of Leadership

Leadership is different to management. Management is often known as a maintenance activity, concerned with technical implementation of policies and procedures while leadership often links with shaping others' goals, broader values and sense of purpose, especially in relation to change and mobilizing staff effort by engaging, inspiring and supporting individual and team performance (Cuban, 1988). Leadership can be conceptualized as a collective phenomenon where different individuals contribute to the organization (Pettigrew & Whipp, 1991). Leadership competencies refer to the knowledge, skills, or abilities that facilitate one's ability to perform a task (Boyatzis, 1982).

In a crisis situation, leadership is collective and dynamic, and it requires perception and sense-making skills by leaders in order for them to determine appropriate courses of action (Weick, 1988). During crisis, leaders should focus on decision making, communication, creating organizational capabilities, sustaining an effective organizational culture, managing multiple constituencies, and developing human capital (Bolman & Deal, 1997). Therefore, the leadership competencies they need are related to managing the operational, strategic, and human resource functions, and also financial functions (Denis et al., 2001).

Effective leaders are leaders who manage to encourage staff to actively engage in knowledge acquisition and the formulation of strategies to resolve the crisis (Dutton & Jackson, 1987). However, in most cases leaders are not prepared to manage the crisis (Garcia, 2006). As business environments change and grow increasingly complex, it is important that leaders develop a set of skills that will help them prevent and effectively respond to crisis (Burnett, 2002).

2.2 Important Leadership Competencies Needed

Kenneth P. De Meuse, King Yii Tang, Guangrong Dai (2007) stated that the competencies most related to performance and potential vary by level. In other words, what matters most for an executive is often different from what matters most for an individual contributor.

At the highest leadership level in an organisation, leaders are proving themselves to be master problem solvers during these tough times. They seem to be willing to encounter and learn from challenges and high stakes situations. And they appear to recognize the importance of bringing others along as they lead people through tough situations in a determined and courageous way. In a changing environment, the ability to operate the business and execute work effectively in a challenging environment, getting the work done by developing others, carefully tracking progress, and managing resources and processes efficiently have all increased in importance (Orr & Sack, 2010).

However, Orr & Sack (2010) also indicated that leaders are lacking a creative spark – the ability to incubate new ideas that could transform the business landscape. Along with the lack of creativity, there seems to be a lack of inspiration, which could bring even more negative impacts on their employees in tough times.

2.3 Recession's Impacts on Leadership

As a matter of fact, economic history teaches that after every recession there is a recovery and there is always opportunity in crisis. The word "crisis" in Chinese is composed of two characters. One represents danger and the other represents opportunity (Note 10).

The economist Drucker always sees crisis as providing great opportunities for leaders. According to him, doing

nothing (or not enough) in a time of crisis may sink companies. Indeed, he states that there are no risks, only opportunities (Drucker, 1973) and in order to transform the risk into an opportunity the first step is to decide what to divest, meaning to make a clear decision on what to withdraw and on what to concentrate.

One of the most important things to help to seize opportunity from crisis is confidence in economic conditions and expectations about the future. These are considered as two key drivers for SMEs to continue to invest in and grow their business (Chow & Dunkelberg, 2011). The research shows that during a recession, business owners are considerably more optimistic than employees (Storey, 2011) and there is always the potential for entrepreneurial spirits to pursue opportunities counter-cyclically by creating their own confidence and bootstrapping resources (Rae et al., 2012).

However, recession could have negative psychological impacts on leaders and thus lead to inadequate actions. Egan & Tosanguan (2009) indicated that entrepreneurs may 'overreact' in times of economic uncertainty because of the psychological stress of the uncertainty itself.

2.4 Coping Strategies in Recession

According to many authors, SMEs have less control over their external environment when compared with larger firms (Smallbone et al., 1999) and SMEs perceive recessions as "an externally controlled condition over which they have no control" (Stone, 1975). To be able to overcome a crisis, SMEs must have a strategy.

SMEs' strategies could be divided in two main groups: One strategy is cost-cutting to survive the recession and focus on growth to retain capacity when the recession is over. A cost-cutting approach is evident in the construction and manufacturing sectors and includes downsizing the workforce, reducing products, reducing stock, and freezing pay (Liz Price et al., 2013). The other strategy is a growth approach which means offering new or improved products, competing on price, and acquiring other firms that have been weakened by the recession (Stone, 1975; Judd & Lee, 1981). Regarding the growth strategy, a study of SMEs' responses to the 2008-2009 recession showed that product diversification, including the introduction of new goods/services and attraction of new customers, was one of the most effective way to help SMEs respond to recession (Kitching et al., 2011).

A framework provided by Hofer (1980) suggests four possible actions to cope with economic duress: (i) cost-cutting strategies (Note 11); (ii) combination effort strategies (Note 12); (iii) revenue-generating strategies (Note 13); (iv) asset reduction strategies (Note 14). The empirical evidence in support of Hofer's (1980) framework is somewhat mixed. Irrespective of the depth of the economic recession, some scholars have found cost-cutting strategies to dominate the strategic response of entrepreneurs (Beaver, 2007; Beaver & Ross, 1999; Churchill & Lewis, 1984); others have found revenue-generating strategies to be the preferred response (for example, Latham, 2009); and others still have found combination effort strategies to be a marker of high performing firms (for example, Kambil, 2008).

Lovelock (1997), on the other hand noted two strategies emerging from a psychological perspective, rather than being defined by action: (i) reactive strategies- common reaction is panicky cost-cutting, and price promotions to recover lost sales; (ii) proactive strategies - basing on the philosophy that the best time to prepare for a recession is during a time of prosperity, or at least in the period before the business becomes a loss-making venture, these strategies are revenue-generating, and designed to, firstly, imbue resilience in potential adversity, and secondly, to take advantage of emerging opportunities when recession arrives (Shama, 1993). The empirical evidence linking proactive strategies to improved performance across the economic cycle is substantial (see, for example, Lester et al., 2008; Pearce & Michael., 2006; Srinivasan et al., 2005).

2.5 Research Gap

The above researches have pointed out the importance of the leader and the leadership in an organization, particularly in times of recession, as well as the possible strategy options for leaders to choose from and competencies needed to be further developed in tough times. The findings in those researches, therefore, are of significance as to which strategies and psychological approach that business leaders should adopt to overcome the adverse situation. Those findings could be good suggestions for all leaders including the Vietnamese ones, although practical application could vary in form for different situations.

Since there has not been any research investigating the response of Vietnamese private enterprise leaders in times of recession, this study aims to provide an insight into response and performance of Vietnamese business leaders in the recession 2008 -2009 and thus, make a suggestion for the leaders about the leadership competencies needed in Vietnam under recession's impacts.

This study was to answer the following questions:

- 1) What was Vietnamese leader's forecast on Vietnam economic recovery and their underlying psychology toward the recession 2008 -2009?
- 2) How did the leaders evaluate their leadership and business performance in the time of recession?
- 3) What were the challenges that Vietnamese leaders face?
- 4) What were the leadership competencies that the leaders consider as importance in times of recession?
- 5) How did senior managers assess their leaders' competencies?

3. Methodology

3.1 Sampling Method

The target population of the present study comprises CEOs and senior managers in Vietnamese private enterprises. The population is divided into two treatment groups (a group of business leaders and a group of senior managers) which were surveyed separately.

In the first survey, the objective was to capture not only business decisions that the business leaders made during 2009-2012 to make their companies survival (especially during 2011- 2012 when the full-blown crisis) but also their forecast and expectations when the recession was over and the competencies needed for successful leadership in times of crisis.

In the second survey, senior managers were asked to evaluate their leaders' quality (strengths and weaknesses in competency). Given that leadership is different from management, which is concerned with technical implementation of policies and procedures (Cuban, 1988), we include senior managers in this survey to capture a more objective and precise assessment of their leaders' quality.

E-invitations with internet-based questionnaire were sent separately to the members of Vietnamese Young Leaders Association (more than 1000 CEO of SMEs) and of HR Link (more than 10,000 HR Managers). The duration of the survey was nearly 2 months. The total of 478 CEO and 561 senior managers participated in the study, with 478 valid answers from business leaders and 561 valid answers from senior managers in total.

3.2 Survey Instruments

The items in the questionnaire were classified with regard to 4 issues (forecasts for Vietnam's economic recovery, top priorities in times of recession, leadership and management performance, and leadership competencies needed). Responses to each questions were measured on a five-point scale, ranging from 1 = Strongly Disagree to 5 = Strongly Agree.

3.3 Demographic Profiles of the Respondents

Male leaders and managers comprise the majority of the surveyed respondents. Leaders had a fairly high level of education. More than half of the leaders and managers were at the university or college level. Notably, over 35% of the leaders had postgraduate training. This result was highly encouraging compared to previously published surveys of education leaders of non-state enterprises (Le, 2011). However, it is also noted that this survey sample was mostly from big cities and would not be nationally representative.

Regarding ages, leaders surveyed have an average age of 38.6 years. The oldest was 60 years old and the youngest 19 years old. Thus, the average age of the leaders of non-state enterprises is relatively young. Over 70% of business leaders participated as business operators before the age of 35.

Regarding general management experience (managerial participation), 34% of the leaders had under 5 years experience in management. The number of leaders having management experience from 5 to 10 years was 42.8% and 22.6% for those with 10 years experience. Similarly, leadership experience of leaders participating in operational executives was commonly from 3 to 5 years (44.7%) and 5 years (29.6%). Up to 24.5% of new business leaders were involved in executive committees for at least three years.

In regard to the types of businesses, the SMEs studied were diverse in terms of business area, legal form, turnover and number of employees.

4. Results and Analysis

In this paper, we present the findings and analysis of the two surveys: self-evaluation by business leaders and assessment by senior managers. The findings of this study are analysed under five main headings:

- 1) Forecasts for Vietnam's economic recovery.
- 2) Top priorities in times of recession.

- 3) Leadership and management performance.
- 4) Leadership competencies needed.
- 5) Leaders' competencies assessed by senior managers.

4.1 Vietnam Economic Recovery Forecast

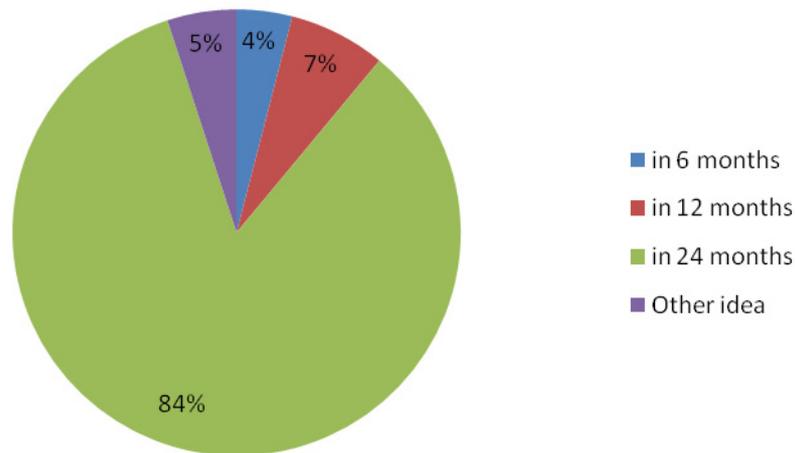


Figure 1. Forecast for Vietnamese economy recovery (n=478)

In this section, respondents were asked to make a prediction on how long the economic recovery might take. There was a general belief among most leaders that the recovery was slow and their companies were going to have a tough two years ahead, as 84% of the surveyed leaders saying that recovery would take 24 months. The number of leaders that believed in economic recovery in the next 12 months was 7%. The number of leaders who were in favor of Vietnam economic recovery by the end of 2012 and the first half of 2013 accounted for only 4%. Those numbers show that overall the bulk of respondents are not at all optimistic about the economic recovery taking place within less than 12 months.

4.2 Leadership and Management Performance

This section asked the leaders to evaluate their leadership performance in the time of recession, with the score ranging from 1 to 5 representing the increasing level of satisfaction.

As can be seen in table 1, the index of business performance, leadership and management performance is just under 3.250 on the average.

The administrative work that is evaluated at the highest level of satisfaction includes marginal cost management, production management and quality control (at level of 3.3-3.45). On contrary, risk management and marketing activities are evaluated at the lowest (2.974 and 3.053 on average, respectively).

The standard deviations for all of the items are smaller than 1.0, implying consistencies in the answers given by the respondents.

Table 1. Leadership and management performance (n=478)

	N	Min	Max	Average	Deviation
Business performances	471	1.00	5.00	3.127	.636
Leadership and management performance	462	2.00	5.00	3.240	.636
Human resource management	459	1.00	5.00	3.111	.764
Financial management	459	1.00	5.00	3.170	.722
Strategic management	459	1.00	5.00	3.118	.776
Risk management	456	1.00	5.00	2.974	.882
Marketing	453	1.00	5.00	3.053	.780
Customer relationship management	450	1.00	5.00	3.247	.740
Partner development and management	447	1.00	5.00	3.289	.772
Production management	438	2.00	5.00	3.336	.715
Quality management	444	1.00	5.00	3.345	.686
Increasing operational efficiency in IT	447	1.00	5.00	3.255	.716
Cost saving	459	1.00	5.00	3.379	.714
Productivity	444	1.00	5.00	3.243	.654
Valid N (listwise)	408				

4.3 The Challenge of Recession

This section looked very much to the real difficulties in the recession and asked business what they saw as the main challenges to their companies.

As can be seen in table 2, the biggest challenges for current decision-making recognised by a typical leader are that business environment is becoming increasingly complicated (4.119 on average) and risky due to policy changes (3.917).

Table 2. Challenges of recession (n=478)

	N	Min	Max	Average
Business environment becoming more complex	477	1	5	4.119
Risks of Government policy changes	474	1	5	3.918
Business restructuring	477	1	5	3.899
Predicting market trends	474	1	5	3.810
Restructuring the market towards internationalization	474	1	5	3.741
Pressure from rising labor costs	477	1	5	3.698
Decline in margins due to increasing input cost	477	1	5	3.679
Decreased gross margin	477	1	5	3.616
Less business opportunities	474	1	5	3.557
Shorter product life cycle	474	1	5	3.456
Tendency for Public-Private Partnership	477	1	5	3.453
Bankruptcy or suspension of operation	474	1	5	3.373
Products no longer meet market demand	474	1	5	3.082
Short-termed business trend	474	1	5	2.892

Business restructuring is also a great challenge, while the market trend is increasingly difficult to predict. Along with that gross margin tended to decrease, low manpower cost was harder to obtain and business opportunities were increasingly difficult to find, as recognised by the leaders. These result shows that SMEs' leaders have struggled with building competitive advantages of their enterprises and creating innovation in the time of recession.

As recognized by the leaders, a short-termed business trend was t least considered as a challenge (rated at only 2.89 on average), and there was a common belief among leaders that their products could still meet market demand in the crisis (with 3.082 for the variable "products no longer meet market demand").

4.4 Top 4 Things That Should Be Done in the Times of Recession

This section asked Vietnamese private enterprises leaders what they saw as priorities in the recession in order for their companies to overcome and to grow through the difficult economic situation.

In times of recession, the decision-making process of business leaders seems to become increasingly difficult when the elements from the business environment outside are more and more unpredictable and unstable. Leaders' prioritized decisions seemed to be selected according to 3 levels: instantaneous priority for decisions having an immediate effect, then, decisions affecting the medium and long term.

To overcome difficulties in the current period, business leaders indicate that the decisions of top priority are *restructuring and optimizing the financial system; cutting down operating costs; eliminating ineffective operational business activities; and reforming the reward system*. These are a group of solutions which would directly affect the outcome and efficiency of business in the short term.

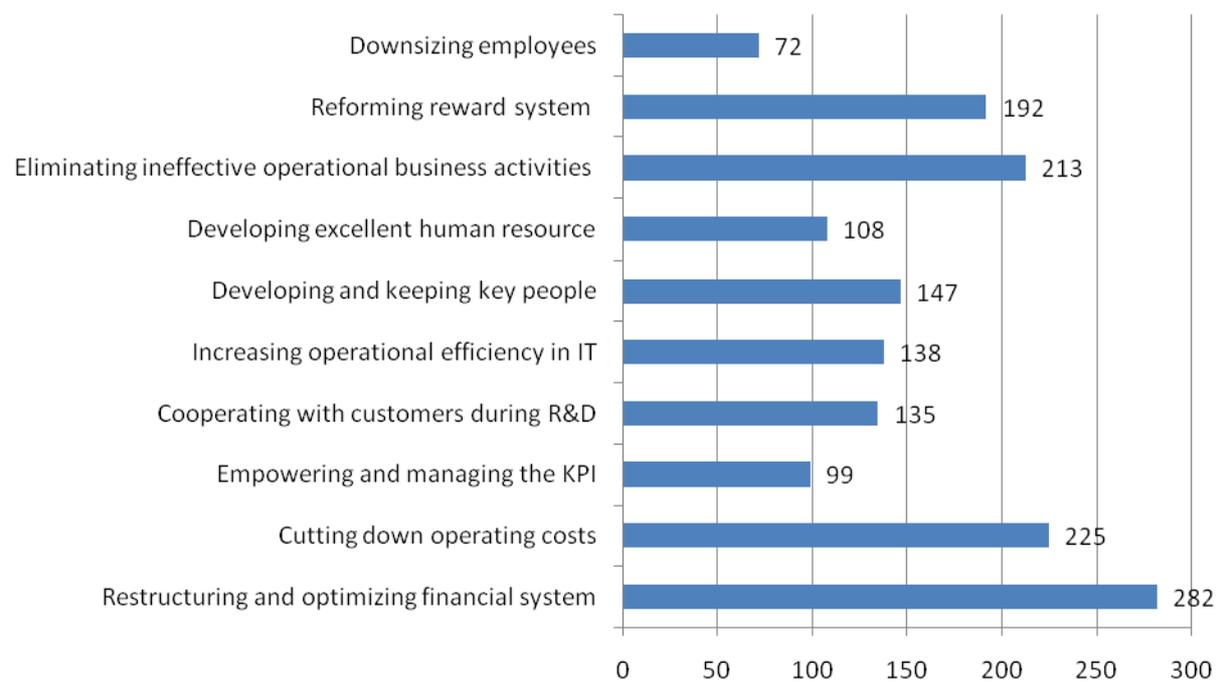


Figure 2. Top priorities in the times of recession (n=478)

4.5 Leadership Competencies Needed

Le (2010) strongly emphasized creativity, learning, justice, and influence (leadership skills). But the results of the survey in the scenario of the economic crisis in 2012 showed that the three most important qualities of business leaders were focus on sustainable development, working enthusiasm, and willingness to take risks. It seemed that these three qualities were appropriate for leaders to pass a crisis. Furthermore, when the focus for sustainability is ranked first by leaders, it could be a good sign for the economy in Vietnam in future years.

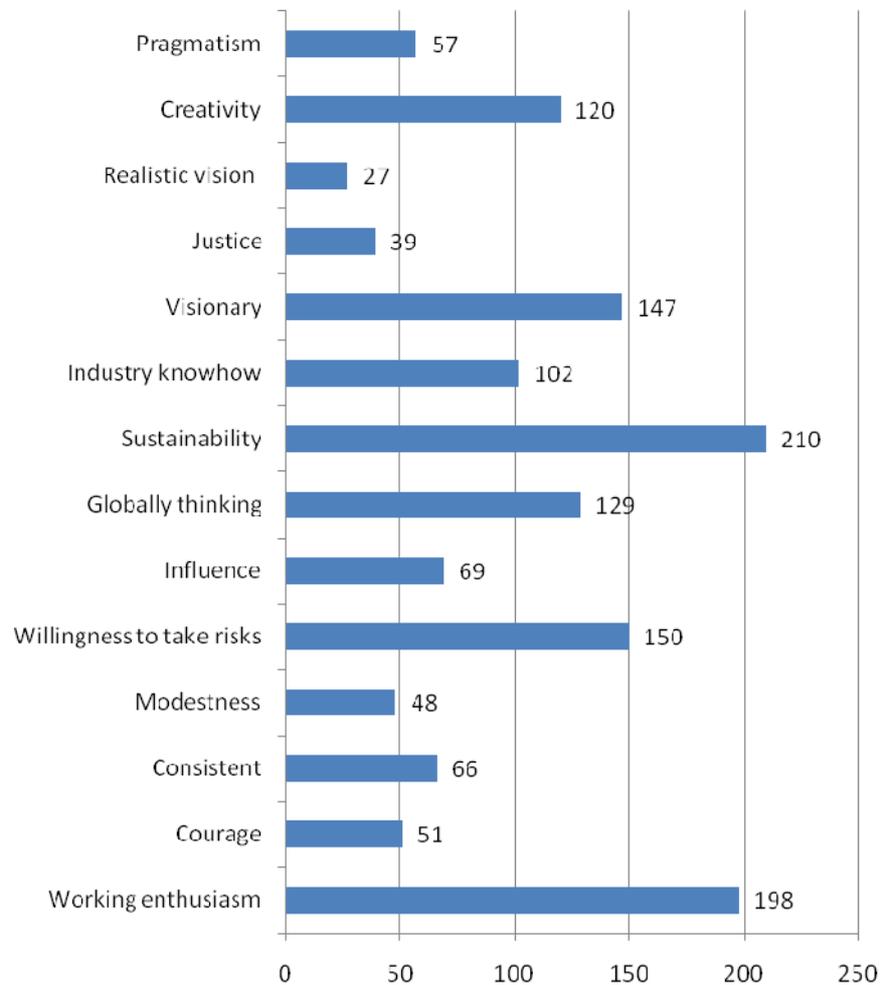


Figure 3. Leadership competencies needed (n=478)

In this survey, courage and risk-taking were viewed differently. Identifying and accepting risks are different from bravery and sacrifice. Besides, qualities such as vision, global thinking and clearly understanding the industry were often in the selection of several leaders. Realistic vision and pragmatism was probably never featured as highly appreciated.

Because the survey was limited leaders had three qualities to choose from and leaders would consider only the most important to select. The rise of the quality of vision was pushed up, meaning the other important qualities would be relegated. Ambition, fairness and modesty thus ranked last in the selection of business leaders in 2012.

4.6 Leaders' Competencies Assessed by Senior Managers

In the second survey, senior managers were asked to assess their leaders' competencies. The survey results showed that no leadership competency is assessed as good or excellent by senior managers. All average values are less than 4.0 and divided into 8 groups of leadership competencies according to the evaluation of senior managers in order of highest overall rating to lowest. As a result, business leaders were reviewed highly on their business positions. Their leadership and human resources management competencies were not appreciated by senior managers. Even in the area of human resource competency, skills that were appreciated better were often about encouraging subordinates to try and learn, rather than about training and coaching subordinates. Business leaders spent little time for subordinates and behaved emotionally and did not establish a performance evaluation system for staff scientifically and fairly. In addition, business leaders were estimated lowly in successor's development.

5. Discussion and Implications

Corporate management and governance should be based on a "cool head" rather than a "hot head". The main shortcomings of today's business, besides the external factors, mostly came from downplayed strategic management, underestimated risk management and operational management (financial, human, marketing, production...). To be able to innovate a value chain strategy, move towards sustainable competitive advantages and improve value, corporate investment should be prepared for many years.

That corporate investment should start from guaranteeing leadership qualified and proficient due to the fact that leadership increasingly turns out to be a leverage for business development in future. By the way, promoting leadership always sticks tightly to a capable leader.

As previously mentioned, the leader's psychology should be recognised with caution because it may affect the leader's ability to recognize and seize opportunities. As a result, final decision, especially selected corporate strategy can be affected. It is often believe that high confidence in new business environment is more preferable in this paper. They should consider the economic crisis as both challenge and opportunity. Thus, enterprises should define long-term advantages on the basis of spending time and effort to prepare the next steps for the next 3 years within the crisis. The economic cycle is increasingly short in span – 2-3 years. Therefore, positive managerial thinking is actively exploiting the economic crisis as a treatment phase, preparing the foundation for the next stage.

Responding to low expectation about future economic prospect, Vietnamese leaders had a tendency to adopt short-term and reactive actions towards recession as analysed in the study of Lovelock (1997) (e.g. cutting down operation costs, restructuring and optimizing financial system, eliminating ineffective business activities), rather than long-term and proactive strategies to seize opportunities from recession (e.g. seeking new market, taking advantages of new opportunities). This result could probably be a suggestion for Vietnamese leaders to improve their leadership performance. It could possibly be recognized that Vietnamese private enterprise leaders seem to be quite passive in dealing with adverse external difficulties and have not well prepared to make innovation, find new market or seize opportunities from crisis. Thus, they have tendency to act differently from others in the world and choose strategies that is more feasible but less risky. It is likely that the gap between working environments, internal instinct and thinking habits... create the variety of people's decisions in each region. In fact, their strategies are now accommodating with new business environment in Vietnam where less adverse effects from global crisis have been witnessed. Whatever the priority the leader chooses is, the most important thing is to determine a differentiated and focused strategy. During the growing phase, profit might be sought from various places and sources. Therefore, business leaders need to identify clearly strategies and emphasize on their consistency and efficiency.

The survey's results about the three most needed qualities of business leaders do support the study of Orr and Sack (2010), which also indicated that working enthusiasm is one of the competencies, beside creativity, that leaders may lack. As a matter of fact, leaders' competencies is not highly appreciated by senior managers as they saw their leaders as lacking important leadership competencies recognized in former studies, such as human resources management, developing others and encouraging -them on a fair basis. Business leaders should focus on self-training actively. Besides, only when business leaders organize their work well, have good leadership and good management systems, business will attract, use, and develop capable people. A business leader with poor competencies will find it difficult to attract and use talent as well. The current economic situation is extremely difficult for all businesses, especially private enterprises because they are fundamentally vulnerable to and have restricted control over external environment. In order overcome this difficult stage, the good leaders become necessarily important. However, they cannot work by themselves alone while the whole society, especially of the government agencies is supposed to joint their hands. Above suggestions is believed to contribute in keeping Vietnamese enterprises' survivals, and create a leverage for their future development as the recession time is over.

6. Conclusion and Suggestions for Future Research

This study achieved its research purposes of analyzing Vietnamese private enterprise leadership in the context of global economic recession and making comparison with on-going experiences from many studies in the world. From that, the study concluded some notable implication from empirical leadership in Vietnam with hope of enhancing efficiency of Vietnam leadership as well as business performance.

The study shows a strong psychological effect of recession on Vietnamese leaders as they had a relatively pessimistic outlook at the economic prospect within the two coming years of most private enterprise leaders. Prior business objectives shifted from increasing growth to higher quality and safety, leading to cautious

decision and restrictions in investment. For example, risks in policy changes and the environment had great pressure on the decisions of business leaders. This might affect leader's final decisions, then business performance and possibly lead to investment flows of foreign enterprises to reduce in the near future if the government did not quickly have measures to improve the situation and develop confidence in the business environment.

While being fairly pessimistic about the economy in the next years Vietnamese leaders agreed that there were so many challenging problems during recession time, especially the increasing complexity of business environment, risks of government policy changes...

However, there are numerous weak skills of Vietnamese business leaders, especially managerial skills such as training, subordinate guidance, and developing high-quality human resources. As the systematic operation is not good, corporation hierarchy cannot be developed. The obvious consequence is that the firm will have a difficulty in attracting talent or skilled employees. Accordingly, they need to access to better management, improve themselves competences and clearly determine what challenges they could face and what responses they should do. Most importantly, the rational attitude should be the confidence in the economic recovery and the success based on seizing opportunities from the hardship.

Managerially, the research results are incredibly meaningful to business leaders, supplementing worldwide knowledge and experiences about leadership, revealing several weaknesses that they have not recognized before and providing an opportunity to reconsider and evaluate corporate administration. This study also helps to increase business leader's confidence in future and their attention to macroeconomic forecast, risk management and greater flexible adaptation.

Not only managerial contribution but this paper also acts as supplementing material to the rich literature related to this area, especially in Vietnam. Today's studies seem to not access closely to what leader is thinking given that they have extremely important roles. Furthermore, many researchers are concluding a variety of policy suggestions to improve leadership effectiveness, however, they seemingly ignore the interaction between those policies with the one who directly manipulate the corporation – the leaders. Therefore, expected results from those policies sometimes have not been presented yet. Accordingly, organizations and government, policy makers should consider all predicted findings in this study to enact policy adjustments. Hopefully, above recommendations can become references for them to improve the leadership and effectiveness of Vietnamese private enterprises. Roughly speaking, government agencies should raise their roles in guiding private companies to adapt to the modern world where business's success mainly come from its dependence on customer; therefore, not only efforts of product and service innovations, optimism about future with concentrated strategy but also active human enhancement are more put in priorities.

However, there were some limitations while completing this study. One inevitable limitation is that the study only relies on e-invitations sent separately to more than 1000 CEO of SMEs and more than 10,000 HR Managers, but not interview, telephone,... This sole method of data collection limit the results of investigation. In addition, the findings are based on research undertaken with private enterprises in a specific metropolitan area of Vietnam and, as such, there is limited scope for generalisation beyond this area. Further research could compare the responses of SMEs in rural area with metropolitan areas. In brief, others should survey larger number of business leaders and targeted enterprises, include more collection methods. Because a larger, more balanced sample and diversified methods will ensure generalisability and credibility of research's findings.

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Notes

Note 1. Enterprises operating in private sectors.

Note 2. According to VCCI, 2009, the private sector was formed under various types of business (collective, private, collective named, limited, joint-stock with or without the State capital).

Note 3. General Statistics Office (GSO) of Vietnam, 2010.

Note 4. Non-state enterprises – including collective, private, limited, joint stock with or without the State capital (GSO, 2010) can be used as replacement for private enterprises.

Note 5. General Statistics Office (GSO) of Vietnam, Statistical Handbook, 2012.

Note 6. The enterprises in Vietnam 9 years at the beginning of century 21, General Statistics Office (GSO) of Vietnam, 2010.

Note 7. General Statistics Office (GSO) of Vietnam, Statistical Handbook, 2012.

Note 8. General Statistics Office (GSO) of Vietnam, 2012.

Note 9. General Statistics Office (GSO) of Vietnam. Available: http://www.gso.gov.vn/default_en.aspx?tabid=508&ItemID=12488

Note 10. John F. Kennedy quote, 12th April, 1959. Speech at United Negro College Fund in Indianapolis.

Note 11. Cost-cutting strategies: This coping mechanism is preferable in situations where income has declined to about +10 (profit) to -10 (loss) percent of the firm's break-even point. The focus is efficient operations, involving cutting variable costs, such as staff layoffs, rents, and inputs to the firm's products or services Hofer (1980).

Note 12. Combination effort strategies: When a firm's income has declined to about -10 (loss) to -50 (loss) percent of its break-even point, combination strategies may be the most appropriate to pursue. This situation would be one in which the loss is extending towards the limits of variable costs Hofer (1980).

Note 13. Revenue-generating strategies: This coping mechanism might be employed if income has declined to about -50 (loss) to -70 (loss) percent of break-even point. The firm should focus on existing products, or variations to existing products that can be introduced quickly. This would also include seeking new markets Hofer (1980).

Note 14. Asset reduction strategies: If the firm's income is more than -70 (loss) percent of break-even point, then asset divestment should be seriously considered, especially if the business is close to bankruptcy Hofer (1980).

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