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Managers and Market Exploration Strategies: Research on Labor Export Companies in Vietnam

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Abstract

Labor export is considered a potential industry with long-term development in the future, so labor export businesses always compete to win and dominate the labor export market. Faced with this situation, many labor export enterprises in Vietnam use exploration strategies to expand markets and increase operational efficiency. Different managers will have different business strategy choices. Especially for strategies with a high-risk factor. The exploration strategy refers to the strategy with the

outstanding feature of product innovation, so it carries many risks. To study the relationship between administrator characteristics and the implementation of market exploration strategies, the author surveyed labor export enterprises in Vietnam with a total of 119 votes. The results show that there is a relationship between the age of the managers and the implementation of their exploration strategy, and there is a relationship between their education and the implementation of their exploratory strategy.

Keywords: Administrators, Labor Export Enterprises, Market Exploration Strategies

1. Introduction

In recent years, as the need for income and the orientation to work abroad have increased, the number of Vietnamese people working abroad in the form of labor exports has been growing. Markets accepting Vietnamese workers are always expanding, including Japan, Korea, Belarus, Hungary, Slovakia, Australia, and Germany. Japan is still the labor receiving market attracting the most Vietnamese workers in 2022 with 67,295 people, followed by Taiwan markets with 58,598 workers, South Korea with 9,968 workers, Singapore with 1,822 workers, China with 910 workers, Romania with 721 workers, Hungary with 775 workers, Russia with 467 workers, Poland with 494 workers and other markets. Along with the need for labor export, the number of businesses sending Vietnamese workers to work abroad is constantly increasing, although in Vietnam, labor export is a specific profession, requiring a separate operating license and also having high requirements for charter capital. Labor export is considered a potential industry and long-term development in the future, so labor export enterprises always compete to win and dominate the labor export market. In addition, this is also an industry affected by the psychology of Vietnamese workers. Besides countries that have traditionally received Vietnamese workers, each business itself is constantly looking for new markets. In previous years, Japan, Korea, and Taiwan were the dominant markets. However, from 2022 until now, Vietnamese workers will need to find jobs in European countries such as Hungary and Slovakia. Faced with this situation, many labor export enterprises use market exploration strategies to expand markets to increase operational efficiency.

Referring to the exploration strategy is referring to the strategy with the outstanding feature of product innovation, so it carries many risks. Innovation in products and in business processes can enhance the economic success of businesses (Nathai-Balkissoon *et al.*, 2017). On the other hand, an exploration strategy aimed at product innovation is considered a decisive factor, because new product introduction has become a vital competitive weapon for every business (Katila & Chen, 2008). Currently, labor export businesses are constantly innovating and creating programs and markets to meet the needs of Vietnamese people to increase competitiveness, as well as for businesses to survive and develop sustainably in a volatile environment and under competitive pressure in Vietnam. Therefore, a strategy as innovative and creative as the exploration strategy is being chosen by many labor export enterprises. However, the choice of exploratory strategy depends heavily on the managers of each enterprise. Different managers will have different business strategy choices. Especially strategies with high-risk factors. Therefore, the author decided to choose the relationship between manager characteristics and exploration strategy to conduct research. The article focuses on the main contents, including understanding the theoretical basis of exploration strategies and characteristics of business managers; determining research methods; discussing research results; and providing recommendations to help labor export businesses operate effectively and increase competitiveness in a highly competitive

environment.

2. Literature Review

Exploration strategy

According to Hambrick and Mason (1984) ^[6], "strategic choice" is a very complex decision and includes many related factors. The choice of a business strategy depends largely on the behavior of the chooser, to some extent, the chosen strategy reflects the styles and characteristics of the decision-makers. Therefore, it can be seen that a business's choice of a competitive strategy is strongly influenced by the characteristics of the manager. Their characteristics will determine their decision-making behavior with the organization's competitive strategies.

For the exploration strategy, enterprises are always looking for new opportunities and markets, so they will focus on innovation in production and business processes (Hutaibat & Alhatabat, 2020) ^[7]. Naranjo-Gil *et al.* (2009) ^[8] identified exploration strategy as involving being proactive in finding new market opportunities, being able to develop new products, and promoting creativity and flexibility in product manufacturing activities to suit customer needs. Exploration strategy always searches and discovers new products, focuses on developing market share, and handles environmental changes or trends and events well. Many studies show that the exploration strategy is an effective strategy because the future needs of the external environment are quickly and proactively adapted to by the organization. Therefore, a strategy as innovative and creative as the exploration strategy is being chosen and applied by many enterprises (Vo & Nguyen, 2020a; 2020b) ^[12, 13]. However, the exploration strategy has been assessed as having the highest risk because this strategy requires a lot of resources and if not controlled and monitored well, will harm the business (Miles & Snow, 1978) ^[10]. When implementing an exploration strategy, large initial capital is needed, and there are many cases where after implementation, this strategy is not effective.

Manager Characteristics Impact Corporate Strategy

There are many studies on the characteristics of managers, including Colombelli (2015) ^[2] who studied age, Qian & Associates (2013), who studied education level, these are considered factors. It is the easiest personal characteristic to observe and measure but has a strong influence on the behavior of people in general and of managers in particular (Hambrick & Mason, 1984) ^[6]. Carpenter *et al.* (2004) ^[11] suggested that educational background is seen as a proxy for building awareness, which in turn affects how senior managers perceive their surroundings and how managers handle information appropriately. Hambrick & Mason (1984) ^[6] also made the observation that the educational background of the management team affects the selection and planning of strategies. If managers have more formal training and qualifications, they will be more actively associated with innovation. Because exploration strategies carry many risks, implementing an exploration strategy requires administrators to have high determination and require effective use and control of corporate resources. Naranjo-Gil & Hartmann (2007) ^[9] has shown that senior managers with a business background are more likely to have financial planning and control over resources. Hambrick & Mason (1984) ^[6] also showed that corporations run by younger managers tend to take higher management

risks than older managers, and the more educated senior managers in a corporation are, the faster the decision-making process is. Combs *et al.* (2004) ^[3] argue that senior managers have little desire to change operating processes or business models because this action poses many risks and is too complex. Seo *et al.* (2013) conducted research in the US and found that the older the administrator, the less likely he is to choose high-risk strategies. Older executives are less able to evaluate new business ideas quickly and integrate them effectively in decision-making. Because as the administrator gets older, his flexibility will decrease and his conservatism will increase. On the contrary, younger senior managers always want to take risks and tend to implement new projects or risky strategies because they can enhance their careers in the future.

In a study of small and medium-sized companies in Italy, Papadakis, Francioni, *et al.* (2015) ^[4] argued that educational level and attitude towards risk have a positive impact on the enterprise strategic decision-making process, while age has a negative impact on the strategic choices of managers. Goll *et al.* (2008) ^[5] argued that senior managers with shorter tenure, higher educational backgrounds, and younger ages often choose a differentiation strategy over a low-cost strategy. According to Jespersen & Bysted (2016), managers' characteristics play an important role in the decision-making effectiveness of senior managers and the level of strategy success. However, there are also studies that give contrary opinions. In a study in Syria, Milana & Maldaon (2015) ^[11] stated that there is no influence of age or educational background on strategy choice behavior or the use of information from senior managers in the organization.

3. Research Method

With the goal of studying the relationship between manager characteristics and the implementation of exploration strategies in labor export enterprises in Vietnam, the author uses the chi-square test through the SPSS 22 tool.

Data for research is collected within 3 months, from April 1, 2023, to June 30, 2023. The respondents to the survey were managers at all levels of the enterprise. The total number of ballots sent was 130, sent to 130 businesses. After classifying and cleaning the data, 119 votes were obtained for analysis.

Measure the age of managers using many different groups with each group represented by a scale from 1 to 5 (five age groups of senior managers include: 1/ < 30; 2/ 30-39; 3/ 40-49; 4/ 50-59 and 5/ >= 60.

The educational background is divided into 2 levels: 1- Business orientation; 2- Non-business orientation.

4. Results

The market Receives Vietnamese Labor

According to statistics from the Department of Overseas Labor Management (Ministry of Labor, War Invalids, and Social Affairs), the total number of workers working abroad in May 2023 was 9,765 (3,576 female workers). This number is approximately 0.58 times higher compared to the same period last year (in May 2022, there were 16,740 workers, including 6,787 female workers). Overall, in the first 5 months of 2023, the total number of Vietnamese workers working abroad was 59,645 (20,585 female workers), reaching 54.2% of the 2023 plan (in 2023, the plan to send Vietnamese workers going to work abroad under contract was 110,000 workers) and more than 1.9

times higher than the same period last year (in the first 5 months of 2022, the total number of Vietnamese workers going to work abroad was 31,229 workers).

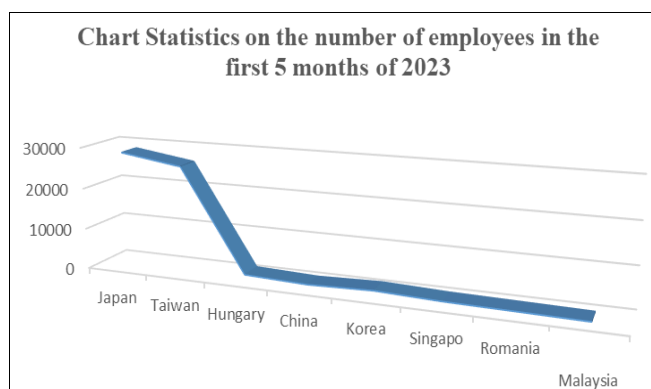


Fig 1: Chart Statistics on the number of employees in the first 5 months of 2023

In 2023, the Ministry of Labor, War Invalids, and Social Affairs will coordinate with agencies to negotiate labor cooperation agreements with a number of European countries, aiming to send 110,000 workers to work abroad in 2023.

Characteristics of Managers at Vietnamese Export Enterprises

The survey results of the statistical sample show that the majority of survey subjects are over 40 years old (accounting for 70%), showing that the surveyor has enough experience in the process of running the job to answer the survey questions. Business-oriented education accounts for a higher proportion (63.9%) than non-business-oriented education (36.1%). The labor export industry is a service-provider industry, so it does not require administrators to have specific practicing qualifications.

Table 1: Characteristics of surveyed enterprises

Characteristics		N = 119	Percentage (%)
Education (ED)	Business orientation	76	63.9%
	Non-business orientation	43	36.1%
Age (YE)	<30	15	12.5%
	30-39	20	16.7%
	40-49	20	16.7%
	>60	33	27.5%

Managers Education Affects the Choice of Exploration Strategy in Vietnamese Export Enterprises

Hypothesis Ho: Education and Exploration Strategy have no relationship with each other.

Perform a Chi-square test on the relationship between education and exploration strategy choice in SPSS 22. The results show that the asymptotic significance (2-sided) value of the Pearson Chi-Square row is less than 0.05. This result rejects the Ho hypothesis, meaning that the two variables, education and exploration strategy, are related to each other.

Table 2: ED * ST Crosstabulation

		ST		Total	
		Yes	No		
ED	BO	Count	59	17	76
		Expected Count	43.4	32.6	76.0
		% within ED	77.6%	22.4%	100.0%
	Non BO	Count	9	34	43
		Expected Count	24.6	18.4	43.0
		% within ED	20.9%	79.1%	100.0%
Total	Count	68	51	119	
	Expected Count	68.0	51.0	119.0	
	% within ED	57.1%	42.9%	100.0%	

Table 3: Chi-Square Tests (ED)

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	36.053a	1	.000	.000	.000
Continuity Correctionb	33.774	1	.000		
Likelihood Ratio	37.619	1	.000	.000	.000
Fisher's Exact Test				.000	.000
Linear-by-Linear Association	35.750c	1	.000	.000	.000
N of Valid Cases	119				

The age of Management Affects the Choice of Exploration Strategy in Vietnamese Export Enterprises

Hypothesis Ho: Manager's age and Exploration Strategy have no relationship with each other.

Perform a Chi-square test on the relationship between the age of the administrator and the choice of exploration strategy in SPSS 22. The results show that the asymptotic significance (2-sided) Pearson Chi-Square value is less than 0.05. This result rejects the Ho hypothesis, meaning that the variables of the manager's age and exploration strategy have a relationship with each other.

Table 4: YE * ST Crosstabulation

		ST		Total	
		Yes	No		
YE	<30	Count	10	5	15
		Expected Count	8.6	6.4	15.0
		% within YE	66.7%	33.3%	100.0%
	30-39	Count	20	0	20
		Expected Count	11.4	8.6	20.0
		% within YE	100.0%	0.0%	100.0%
	40-49	Count	14	6	20
		Expected Count	11.4	8.6	20.0
		% within YE	70.0%	30.0%	100.0%
	50-60	Count	13	18	31
		Expected Count	17.7	13.3	31.0
		% within YE	41.9%	58.1%	100.0%
	>60	Count	11	22	33
		Expected Count	18.9	14.1	33.0
		% within YE	33.3%	66.7%	100.0%
	Total	Count	68	51	119
		Expected Count	68.0	51.0	119.0
		% within YE	57.1%	42.9%	100.0%

Table 5: Chi-Square Tests (YE)

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	27.472a	4	.000	.000	
Likelihood Ratio	34.827	4	.000	.000	
Fisher's Exact Test	31.147			.000	
Linear-by-Linear Association	18.309b	1	.000	.000	.000
N of Valid Cases	119				

5. Conclusion

Research results show that there is a relationship between the age of the administrator and the implementation of the administrator's exploration strategy. There is also a relationship between a manager's education and the manager's implementation of the exploration strategy. This has similarities with previous studies. Age characteristics have a negative impact on exploration strategy choice, in the same direction as Gollet *et al.* (2008)^[5]. Research by Goll *et al.* (2008)^[5] suggests that younger senior managers will place greater emphasis on choosing a differentiation strategy (which has key similarities with the exploration strategy of product innovation and product differentiation). Educational background characteristics have a positive impact on the choice of exploration strategy (Vo & Nguyen, 2020a, 2020b)^[12, 13]. For managers with low ages, the rate of choosing the exploration strategy is higher than for managers with high ages. The results of this study are completely reasonable for labor export enterprises in Vietnam because the labor export industry is a specific industry, has a high level of competition, and often requires innovation and change. Changing the labor-receiving market to create profits and maintain business operations. Managers with younger ages often have high tolerance and risk tolerance, suitable for risky strategies such as exploration strategies. On the other hand, with a business-oriented educational background, administrators will be confident and highly capable in controlling risks, and monitoring risks and finances closely and with high efficiency. In addition, in a competitive environment, managers at a younger age can flexibly find many alternative inputs with no loss of quality or the ability to control costs well and find opportunities in the market. For managers with a high risk-taking personality, it is often seen that if they are of low age, they have a higher rate of choosing exploratory strategies than older managers.

Thus, in a highly competitive and changing business environment, the characteristics of managers have a significant impact on the choice of exploration strategy. An administrator's educational background is a necessary condition to directly improve the financial performance of the organization. It can be combined with the tendency to choose exploratory strategies to create appropriate conditions for greater organizational efficiency. Administrators with a non-business educational background need to learn additional business knowledge to use many business analysis techniques to help make decisions in a highly competitive environment.

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