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From Household Business to Enterprise: Customers' Expectation Pressures and Opportunities in Global Trade Networks

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Abstract

Purpose: This study aims to investigate the effects of customers' perceived expectations on the intention transition into enterprises of household businesses in Hai Duong province, Vietnam. **Research design, data and methodology:** To address a critical research gap, the study integrates three theoretical frameworks including the Theory of Planned Behavior (TPB), the Expectation Confirmation Theory (ECT), and the Resource Dependence Theory (RDT). In addition, we use generalized structural equation modeling (GSEM) with data collected from 403 household businesses. **Results:** The findings indicate that customer expectations constitute the primary driver of household-to-enterprise transformation. Large domestic clients and government entities enforce transparency through mandatory electronic invoicing, while foreign customers require legal recognition, certifications, and compliance with cross-border logistics. These pressures make formalization a strategic necessity, thereby confirming the explanatory relevance of RDT and ECT. **Conclusions:** The study contributes to theory by extending TPB with customer expectation constructs, reframing ECT as a predictive behavioral mechanism, and enriching RDT with a proactive strategic dimension. From a managerial standpoint, the findings underscore the importance of complementing institutional reform with targeted capacity-building programs. This research provides valuable insights into the micro-foundations of business formalization in emerging economies.

Keywords : Customers' expectations, Household business, Theory of Planned Behavior, Expectation-Confirmation Theory, Resource Dependence Theory.

JEL Classification Code: D10, D11, D21, D22

1. Introduction

The transition from household businesses to enterprises has emerged as an urgent imperative within Vietnam's long-term economic development strategy. Household businesses in Vietnam are typically operated by individuals or families, registered at only one location, and bear unlimited liability with their entire personal assets (Khang, 2023; Vietnam Institute for Economic and Policy Research, 2021). Despite their prevalence, this model faces substantial limitations when compared to enterprises, which enjoy legal personhood,

specialized organizational structures, and the capacity to operate under modern governance principle (Article 79, Decree on Business Registration No. 01/2021/ND-CP). These fundamental differences create a significant gap in operational capabilities, policy access, and growth opportunities.

According to Vietnamese regulations, enterprises are eligible to issue electronic invoices, access tax refund policies, and build professional HR systems. In contrast, household businesses often operate manually, lack essential management tools, and struggle to benefit from state support

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(Hong, 2016). From a policy perspective, transitioning to enterprise status is not only aimed at enhancing operational efficiency but also at laying a foundation for long-term sustainability and competitiveness. Accordingly, policymakers have actively promoted this transition, considering it a strategic move toward improving the economic structure.

However, contrary to expectations, the majority of household businesses remain hesitant to convert, even when they meet all legal requirements (Hieu et al., 2021). This reluctance indicates that the transition process is influenced not only by institutional factors or financial capacity but also by psychological motivations and environmental influences. This raises a fundamental question: What factors significantly affect household businesses' intention to convert into enterprises model?

Current research addresses this issue through three primary groups of factors: (1) individual factors such as age, gender, and experience (Giao & Nhat, 2020; Ha & Nam, 2019), (2) financial capacity indicators such as revenue and collateral (Giao & Nhat, 2020; Ha & Nam, 2019), and (3) cognitive factors including attitudes, subjective norms, and perceived behavioral control (Hieu et al., 2021). Additionally, external elements such as legal environment, administrative regulations, and local support have been included in analytical frameworks (Ha & Nam, 2019; Hieu et al., 2021; Manh et al., 2021). Nevertheless, most existing studies have overlooked an increasingly important dimension, customer expectations, an exogenous factor that is shaping business behavior in customer-centric markets. Unlike prior studies that primarily emphasize internal resources, institutional pressures, or financial constraints, this research introduces customer expectations as a new explanatory variable. This approach is unique in that it shifts the analytical focus from supply-side conditions to demand-driven pressures. In this perspective, customers are not merely recipients of products and services but active agents shaping the process of business formalization, particularly foreign customers in the context of globalization. By highlighting this underexplored driver, the study contributes to filling a theoretical gap and explains why many household businesses may choose to convert even when they already possess sufficient resources or policy incentives.

In today's highly competitive environment, customers no longer play a passive role; instead, they actively influence business strategies. For household businesses, increasing expectations for financial transparency, the issuance of electronic invoices, and professional service quality are becoming significant pressures, prompting serious consideration of business model transformation. Moreover, in the context of globalization and cross-border trade, expectations from foreign customers pose even greater challenges. International buyers often require legal personhood, standardized invoicing, compliance with

international certifications (e.g., ISO, HACCP), and reliable logistics processes to ensure seamless cross-border transactions. These heightened demands amplify the limitations of household businesses and create stronger incentives to formalize as enterprises. Despite its decisive nature in modern business behavior, the role of customer expectations has not been adequately studied in the Vietnamese household business context. To fill this theoretical gap, this study aims to explore the impact of customer expectations on the intention to transition from household business to enterprise, while also examining the moderating roles of cognitive factors such as subjective norms and perceived behavioral control. Accordingly, the study proposes three research questions:

RQ 1: How do customer expectations influence the intention of household businesses to convert?

RQ 2: Do subjective norms and perceived behavioral control moderate the relationship between customer expectations and conversion intention?

RQ 3: What policy measures can leverage customer expectations as a tool to promote conversion behavior?

To answer these questions, the study develops an integrated theoretical framework based on three pillars: the Theory of Planned Behavior (TPB) (Ajzen, 1991), Expectation Confirmation Theory (ECT), and Resource Dependence Theory (RDT). TPB offers a foundation to analyze cognitive factors such as attitude, subjective norms, and perceived behavioral control, core determinants in decision-making. The inclusion of TPB is not only methodological but also conceptual. Household business conversion is essentially a behavioral intention, where attitudes toward formalization, perceived social pressure (subjective norms), and self-assessed ability (perceived behavioral control) are decisive. Without TPB, the model would lack an established psychological basis to explain how external expectations translate into individual decision-making. Therefore, TPB provides the cognitive foundation, while ECT captures the evaluative process of meeting expectations, and RDT situates customers as strategic resources. This triangulation justifies theoretical integration and enhances explanatory power. RDT further complements the framework with a strategic lens, positioning not only domestic customers but also foreign buyers as essential resources that must be sustained and developed. This framing highlights that conversion is not merely a compliance-driven decision, but a strategic act to integrate into global supply chains and enhance long-term relational value.

In terms of methodology, the study employs Generalized Structural Equation Modeling (GSEM) combined with field surveys to measure the impact of customer expectations on conversion intention and test the moderating roles of subjective norms and perceived behavioral control. Survey

samples are drawn from household businesses operating in sectors under high professionalism pressure such as retail and food services.

The findings reveal that customer expectations exert a direct influence on conversion intention. Particularly, when customers demand financial transparency or modern services, household businesses are more likely to seriously consider conversion to remain competitive. This effect is even more pronounced in sectors that represent Vietnam's export strengths. This implies that foreign customers also exert a significant influence on household businesses' intention to convert their business model. Moreover, high levels of perceived behavioral control and positive subjective norms amplify this relationship, accelerating and intensifying conversion behavior.

From an academic standpoint, the study makes two notable contributions. First, it is among the first to consider customer expectations as an exogenous factor with significant influence on household business conversion, thereby broadening the existing analytical framework that has focused predominantly on internal variables. Second, the integrated TPB, ECT and RDT framework offers a more comprehensive explanation of conversion behavior, covering personal, social, and strategic dimensions.

From a policy perspective, the study suggests two strategically aligned implications. First, there is a need to design customer-driven regulatory mechanisms (eg. mandating electronic invoices or restricting procurement eligibility for non-converted household businesses) to generate market-based pressure. Second, policies should recognize the differentiated expectations of foreign customers and support household businesses in meeting international standards through export facilitation, logistics improvement, and certification assistance. Third, increased administrative and financial support should be provided to enhance the self-capacity of household businesses, thereby eliminating unnecessary barriers to conversion.

The subsequent sections of the study will cover the research theories (Section 2), research model and methodology (Section 3), empirical analysis results (Section 4), a discussion of theoretical contributions, policy implications, limitations, and future research directions (Section 5), and conclusion (Section 6).

2. Theoretical Background and Hypothesis Development

2.1. Theoretical Background

2.1.1. Theory of planned behavior

The TPB proposed by Ajzen (1991) has been widely applied to explain switching behavior and intention. The

theory emphasizes that behavioral intention is the immediate predictor of actual behavior, and intention itself is shaped by three factors, including attitude, subjective norms, and perceived behavioral control (Oluka et al., 2014). Accordingly, attitudes reflect positive or negative evaluations of the behavior, subjective norms capture the social pressure to behavior, and perceived behavioral control refers to the perceived ease or difficulty of behavior, often constrained by costs, time, and available resources (Chuang, 2011; Mosca et al., 2024). Empirical studies consistently confirm that switching intentions strongly predict actual switching behavior, validating the TPB framework across diverse contexts such as the mobile phone industry (Chuang, 2011), business households (Hieu et al., 2021), the health sector (Pan et al., 2023), food (Bai et al., 2024), and agriculture (Van et al., 2023). These findings demonstrate that TPB is a highly applicable theory in research on switching behavior. In the context of business households, TPB is especially useful to explain their intention to transform into enterprises through positive attitudes toward the benefits of formalization, social pressure from customers and partners, and the perceived ability to meet legal and logistics requirements jointly shape their decision to switch business models.

While TPB highlights attitudes, norms, and perceived control shape switching intentions, ECT extends this perspective by emphasizing how customer satisfaction and expectation confirmation drive the continuation or termination of business relationships.

2.1.2. Expectation Confirmation Theory

According to ECT theory put forward by Oliver (1980), retaining customers requires ensuring their satisfaction, which is determined by the extent to which their expectations are fulfilled. Customer satisfaction is specifically influenced by consumer's confirmation (C), a metric calculated as the difference between customer's expectations (E) and customer's purchase performance (P), expressed as $C = P - E$.

According to Oliver (1980), and Liao et al. (2007), when customer expectations are met or exceeded ($C \geq 0$, *confirmation*), their satisfaction increases, their satisfaction increases, which may result in sustained purchasing behavior, the continuation of their relationship with businesses, or even recommendations to attract new customers. Conversely, when customer expectations are not met ($C < 0$, *disconfirmation*), This decline may lead to a reduction or complete absence of intention to continue using the businesses products or services, which could result in the termination of the customer-business relationship.

Building on this foundation, Bhattacharjee (2001) developed the model and emphasized that confirmation and perceived usefulness are two central factors influencing

satisfaction and, in turn, continuance intention. Moreover, confirmation directly affects perceived usefulness (Hsu & Lin, 2015). Numerous studies have validated the applicability of ECT in examining behavior across contexts such as internet banking (Rahi & Abd. Ghani, 2019), recommended vlogs (Yang et al., 2023), and learning (Cheng, 2020). Beyond the technology domain, ECT has also been demonstrated in studies on behavioral transitions toward disruptive technologies (Fan & Suh, 2014).

In the context of business households, ECT is particularly relevant for explaining the role of customer expectations. Customers often demand professionalism, transparency, the ability to comply with formal transaction standards, and the capacity to handle logistics procedures efficiently. When these expectations are fulfilled, trust is reinforced and long-term relationships are maintained. Conversely, unmet expectations increase dissatisfaction. This creates pressure for business households to transform into enterprises to preserve customer satisfaction and ensure sustainability.

Beyond the customer-oriented mechanisms of ECT, RDT provides an organizational-level explanation by focusing on external dependencies and power relations that pressure households to adapt or transform.

2.1.3. Resource Dependence Theory

RDT argues that organizational behavior is strongly influenced by the need to access and manage external resources. Organizations are viewed as open systems embedded in their environments, and their actions are often responses to resource dependence and environmental uncertainty (Belhoste & Dimitrova, 2025). From this perspective, RDT explains why organizations engage in collaboration, form alliances, or adjust strategies.

RDT has also been applied in diverse contexts. For example, Wang et al. (2025) shows that mediating variables such as the adoption of green technologies, environmental policy strategies, and consumer environmental awareness significantly influence the green productivity performance of high-tech retail enterprises in China. In another context, Nam et al. (2019) demonstrates that organizational-level factors drive university–industry cooperation by applying RDT.

At the individual level, RDT indicates that the behavior and intentions of founders or managers are also shaped by access to external resources. For instance, Zhang et al. (2024) applies this theory to show that funding and economic environments shape academic scientists' research behavior and performance.

Overall, RDT provides a multi-level analytical framework (from individuals, organizations, to environments) that explains why behavior and intention are often strategic responses to dependence, resource competition, and survival

needs (Wang et al., 2025). It is thus a powerful and flexible theory for studying the business model transformation intentions of households, particularly in contexts where they face increasing pressures from customer demands.

Taken together, TPB, ECT, and RDT offer a multi-level framework for understanding transformation. In which, TPB explains individual intentions, ECT emphasizes customer-driven satisfaction and expectations, and RDT highlights external pressures. These perspectives jointly provide a comprehensive foundation for analyzing business households' intention to transform into enterprises.

2.2. Hypothesis Development

2.2.1. Customers' perceived expectations and business households' intention to transform to enterprises

Customers represent the central focus of all business activities. The ability to attract and retain customers is a fundamental objective for any business model, regardless of whether it is a business household or an enterprise. According to ECT theory put forward by Oliver (1980), retaining customers requires ensuring their satisfaction, which is determined by the extent to which their expectations are fulfilled.

Within this context, customers' expectations can be categorized into the following three primary groups. First, customers of business households expect both professionalism and flexibility (Widodo, 2017). Beyond product quality, these customers value professional handling in transactional processes. For example, using organizational accounts instead of personal accounts instills greater confidence in customers. Furthermore, providing immediate VAT invoices or accommodating specific customer needs demonstrates a willingness to prioritize customer interests. Since enterprises typically offer greater professionalism and flexibility than business households, these customer expectations often compel business households to transform into enterprises to preserve and enhance their customer relationships.

Second, customers emphasize the importance of reliability and transparency. In today's market, transparency and trust are critical to minimizing potential risks (Barth & Schipper, 2008; Vagadia, 2012). These risks include financial transaction insecurity, especially for large transactions, legal issues resulting from insufficient transparency, and supply chain disruptions caused by a lack of clear processes. When business households fail to provide transparency, they risk interrupting value chains and creating systemic challenges for other stakeholders. Enterprises, by contrast, are better equipped to ensure transparency in operations, fostering higher trust in financial transactions. As a result, customer expectations in this area strongly motivate business households to transform into enterprises.

Third, pressure from the broader business networks of customers also plays a role in driving this transformation. Large customers of business households often engage in extensive partnerships with their own business networks. These key customers face expectations from their partners, who prefer transactions with enterprises due to their standardized, transparent, and reliable processes, as well as their ability to meet high professional standards. Consequently, these major customers expect business households to convert into enterprises, which enables the customers to maintain or expand partnerships within their own networks. This pressure creates significant motivation for business households to adopt the enterprise model.

Building on the principles of ECT theory, RDT by Pfeffer & Salancik (2003) emphasizes that an organization's actions are profoundly influenced by critical external resources, particularly those supplied by customers. In this context, business households depend on customers not only to sustain revenue but also to achieve long-term stability and growth. When large customers establish high expectations, such as requiring electronic invoices or the capability to supply products on a large scale, business households often experience significant pressure to modify their strategies in order to fulfill these expectations. These adjustments are essential for preserving customer relationships and securing vital financial resources from these key stakeholders.

Understanding and effectively meeting customer expectations can lead to significant economic benefits for business owners (Priem et al., 2018). This necessitates that business owners adapt their strategies and business models to align with these expectations. Empirical research by Tao et al. (2022) demonstrates how changes in customer behavior during the COVID-19 pandemic compelled enterprises to revise their business models. Specifically, during the pandemic, customers shifted their focus from prioritizing quantity alone to emphasizing both quality and quantity. In response to this shift, companies adopted a novelty-centered business model to address evolving customer expectations. Drawing on the theoretical frameworks of ECT and RDT, this study posits that awareness of customer expectations (categorized into the three previously discussed groups) has a significant impact on the intentions of business household owners to transform into an enterprise model.

H1: Customers' perceived expectations positively influence business households' intention to transform into enterprises.

2.2.2. Attitude, Subjective Norm and Perceived Behavioral Control

The underlying factors including attitudes, perceptions of one's own views and abilities play an important role in the intention to build a new business model. In this study, the author employs the TPB theory of Ajzen (1991) to

clarify the behavioral subjects. The TPB explains intention through three key factors: attitude toward the behavior (ATT), subjective norms (SN), and perceived behavioral control (PBC).

First, attitude refers to the degree of favorability or unfavorability that an individual holds toward a particular behavior (Wijayati et al., 2021). In the context of this study, it pertains to the intention to transform business households into enterprise models. According to Hieu et al. (2021), business household owners are more likely to intend to transform into enterprises if they hold a positive attitude toward this transformation and believe in the benefits they will gain from making the change. Based on the above argument, this study proposes the following hypothesis:

H2: ATT positively influences business households' intention to transform into enterprise models.

Second, subjective norms refer to an individual's perception of the opinions of those around them regarding their intention to transform. According to Ajzen (1991), an individual's intention can be influenced by the opinions of people who play significant roles in their life, such as family, friends, and colleagues. Transforming from a business household to an enterprise is a major decision. Therefore, individuals may seek advice from family, friends, and colleagues (Murugesan & Jayavelu, 2015). If these influential individuals support the transformation, the motivation of the business household owner to make the change is likely to be strengthened (Hieu et al., 2021).

In the context of this study, the author also considers the perspectives of customers. Customers play a crucial role in shaping any business model. In other words, the business household owner's perception of customer expectations may significantly influence their intention to transform into enterprises, especially when they place high importance on customer opinions. Therefore, it is assumed that subjective norms not only directly influence the business household owner's intention to transform but also moderate the relationship between their perception of customer expectations and their intention to transform. Based on these arguments, this study proposes the following hypotheses:

H3: SN positively influences the intention to transform business households into enterprises.

H4: SN positively moderates the relationship between customers' perceived expectations and intention to transform business households into enterprises.

Third, perceived behavioral control refers to an individual's perception of their own abilities and capacity to manage an enterprise if they choose to make the transformation (Hieu et al., 2021). Individuals who are confident in their capabilities and managerial skills are more likely to develop a desire for transformation. Furthermore, when confronted with customer expectations, the more

confident a business household owner is in their management skills, the more willing they will be to transform their business to meet those expectations. In other words, perceived behavioral control amplifies the effect of customer expectation perceptions on the intention of business household owners to transform into enterprise models. Based on the above arguments, this study proposes the following hypotheses:

H₅: PBC positively influences business households' intention to transform into enterprises.

H₆: PBC positively affects the relationship between Customers' perceived expectation and business household owner's intention to transform into enterprises.

2.2.3. The effects of policy

North (1991) famously described institutions as the "rules of the game in a society." Regulations and policies form the foundation of all business activities within a society, including the transformation between different business models. Institutions are typically categorized into two types. Formal institutions encompass political structures, constitutions, legal frameworks, fiscal policies, and tax regimes (Doanh et al., 2020). In contrast, informal institutions refer to unwritten rules, such as bribery, corruption, or other forms of "greasing the wheels" (North, 1991).

Regarding formal institutions, laws, decrees, and circulars issued by state agencies provide the foundation for all business activities within society (Sendra-Pons et al., 2022). Formal institutions are human constructs grounded in economic and social standards, designed to ensure order and reduce uncertainty in exchanges (North, 1991). When laws, decrees, and circulars are clearly defined, specific, and aligned with the current state of socio-economic development, they create favorable conditions for businesses to thrive (Keuschnigg & Bo Nielsen, 2004) and encourage business households to transform into enterprises (Hieu et al., 2021). Furthermore, global political stability reduces uncertainties associated with government decisions and development strategies. This reduction fosters business growth and innovation (Sendra-Pons et al., 2022). Based on these arguments, this study proposes the following hypothesis:

H₇: Formal institutions positively influence business households' intention to transform into enterprises.

Regarding informal institutions, unwritten rules such as bribery, corruption, "greasing the wheels" payments, and insecurity are prevalent, particularly in developing economies (Abd Rashid et al., 2023). According to Haddoud et al. (2024), public institutions play a crucial role in shaping business activities, including procedures for business entry or transformation for entrepreneurs. A cooperative relationship between public institutions and businesses can mitigate issues such as bribery, corruption, and unofficial

payments. This collaboration creates conditions that support the development of sustainable economic models. Furthermore, security-related concerns, including financial transaction safety and general public security, must be addressed. Hieu et al. (2021) affirm that when risks and insecurity in areas such as finance, safety, and violence are effectively managed, individuals are more likely to embark on new business ventures. Based on the above arguments, this study proposes the following hypothesis:

H₈: Informal institutions positively affect business households' intention to transform into enterprises.

The hypotheses H_1 - H_8 are summarized in Figure 1.

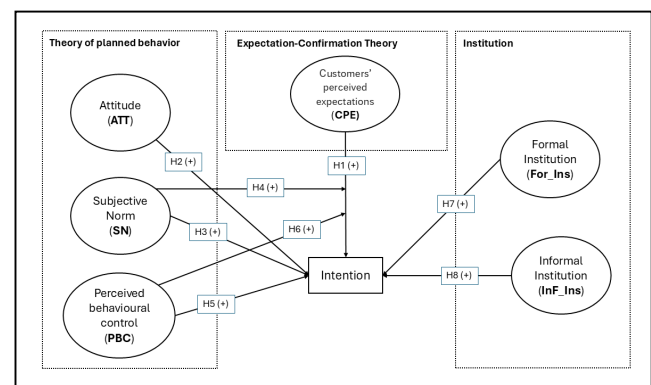


Figure 1. The conceptual framework

3. Methodology

3.1. Sampling and Data Collection

Research Context

Hai Duong province, situated in northern Vietnam, forms an integral part of the Red River Delta's economic triangle, alongside Hanoi, Hai Phong, and Quang Ninh. In 2023, the province recorded an economic growth rate of 8.16%, ranking 13th among 63 provinces nationwide and 6th among 11 provinces in the Red River Delta, with a GRDP of 184,123 billion VND. Despite this robust economic performance, the transition of business households into enterprises remains limited. As of May 2024, only 16 households had formally converted, and this number reflects a declining trend. This modest pace of transformation raises critical questions regarding the motivations and constraints faced by these households. Accordingly, Hai Duong offers a timely and contextually rich setting to explore the intention behind business model transformation among household enterprises.

Pre-Test and Instrument Validation

Following LINH (2025), to ensure the reliability and

contextual appropriateness of the survey instrument, the author employed a two-stage pre-testing procedure. First, the initial questionnaire underwent expert review by academic researchers and local practitioners for face validity, clarity, and relevance. Their feedback guided iterative refinements, improving the precision of wording and relevance of response categories.

Second, a pilot test was conducted in December 2023 involving 60 household businesses from a neighboring district to avoid potential data contamination. The pilot focused on evaluating internal consistency and comprehensibility of the instrument. The results confirmed the reliability of all constructs, with Cronbach’s alpha values exceeding the accepted threshold of 0.70 (Azman Ong et al., 2023). The final version of the questionnaire, incorporating these enhancements, was subsequently adopted for the main study (see Appendix 1).

Sampling Procedure and Data Collection

The main data collection took place between March and June 2024, targeting household business owners operating across multiple sectors in Hai Duong. To ensure methodological rigor and sample representativeness, the author employed a stratified random sampling approach. A complete list of registered household businesses was obtained from local administrative records, of which 500 eligible businesses were randomly selected. The inclusion criteria required that respondents be household business owners, regardless of whether they intended to convert to enterprise status.

Data was collected via structured face-to-face interviews conducted by three trained interviewers. All interviewers received standardized training sessions covering the study objectives, ethical research practices, and neutral interviewing techniques to minimize potential interviewer bias. Respondents were briefed on the study’s purpose and provided informed consent prior to participation. To encourage participation, respondents received a small token of appreciation (approximately USD 2 in value). A total of 403 valid responses were obtained, yielding a response rate of 80.6%, which meets widely accepted benchmarks for quantitative research (Salisu, 2020).

Sample Characteristics and Representativeness

The final sample comprises 403 respondents, including 174 individuals who expressed an intention to transform their business model and 208 who did not. Demographic data are summarized in Table 1. The sample reveals key distinctions across intention groups, including gender distribution (54.60% male among those with intention vs. 36.24% in the non-intention group) and similar ethnic composition, with the Kinh majority prevailing in both segments (72.41% and 69.87%, respectively). Most

respondents are aged 36-44, which presents a demographic typically active in entrepreneurial activities in Vietnam. In terms of education, the majority had completed high school (56.32% and 59.83%, respectively), followed by those holding bachelor’s degrees, indicating a relatively educated respondent base.

Table 1. Demographics and Control Variables

Category	Class	Intention (n= 174)		Non-intention (n= 229)	
		n	%	n	%
Gender	Male	95	54.60	83	36.24
	Female	79	45.40	146	63.76
Culture	Kinh	126	72.41	160	69.87
	Others	48	27.59	69	30.13
Age	25 – 35	42	24.14	53	23.14
	36 – 45	49	45.40	108	47.16
	46 – 55	50	28.74	60	26.20
	Above 55	3	1.72	8	3.49
Educational level	Below high school	3	1.72	9	3.93
	High school	98	56.32	137	59.83
	Bachelor	70	40.23	79	34.50
	Master	3	1.72	4	1.75

3.2. Measurement Items

The questionnaire adapted from several academic research. The dependent variable (Intention) is binary variable. In which, *Intention* = 1 if household owner wants to transform into an enterprise in the near future, *Intention* = 1 if otherwise.

For constructs related to the TPB, measurement items were adapted from Hieu et al. (2021), Usman & Yennita (2019) and Zaremohzzabieh et al. (2019). Formal institutions (FOR_INS) were assessed using scales derived from Escandon-Barbosa et al. (2019) and Hieu et al. (2021), with political dimensions integrated to better reflect the regulatory environment. Informal institutions (INF_INS) were measured using the same sources, incorporating the concept of greasing-the-wheels costs to capture context-specific informal mechanisms. The construct of customers’ perceived expectations was operationalized through items developed by synthesizing theoretical insights and tailoring them to real-world practicalities. The more detailed are presented in Appendix 1. All constructs were measured using five-point Likert-type scales, ranging from 1 (Strongly Disagree) to 5 (Strongly Agree).

3.3. Common Method Bias

To ensure that common method bias (CMB) did not significantly affect our results, this study conducted Harman’s single-factor test, following the approach outlined by Schlaegel et al. (2021). According to Podsakoff & Organ (1986), CMB may be present when a single factor extracted in the analysis accounts for a substantial portion of the total

variance, which indicates that method variance could potentially influence the outcomes of the study. In this analysis, the first factor accounted for only 27.65% of the total variance, which is well below the commonly accepted 50% threshold identified by Schlaegel et al. (2021) as the point at which CMB may become problematic. These results suggest that no single factor dominates the variance in our data, which indicates that CMB is unlikely to pose a significant threat to the validity of our findings. Consequently, this research can confidently conclude that the observed relationships in our study are not substantially influenced by CMB.

3.4. Method of Estimation

To empirically examine the measurement model and test the proposed hypotheses, this study employed GSEM, an extension of the traditional SEM framework that accommodates models with categorical dependent variables. Specifically, GSEM is suitable for binary outcomes such as our dependent variable. This approach is consistent with Doanh et al. (2022), aiming to reduce potential estimation biases that may arise when using conventional SEM techniques for non-continuous outcomes.

GSEM was implemented using the Bernoulli family with a logit link function, ensuring the robustness of estimation for binary variables. To explore the structural model, this research identified two moderation effects, which pose the risk of multicollinearity due to the inclusion of interaction terms. In addition, to mitigate this issue, the author adopted the orthogonalizing approach, constructing interaction terms from standardized residuals derived from relevant regression models, as suggested by Henseler & Chin (2010) and validated by Doanh et al. (2022). This method ensures the validity of moderating effects in the presence of complex model specifications.

While GSEM offers notable advantages in dealing with various data types within a unified structural framework, it presents certain methodological limitations. Most notably, GSEM does not yield traditional model fit indices, which hinders overall model evaluation. To address this, and in line with the practices of Van et al. (2023), this research applied the Akaike Information Criterion (AIC) and the Bayesian Information Criterion (BIC) as alternative goodness-of-fit measures, thereby enabling a more rigorous evaluation of model parsimony and explanatory power.

4. Empirical Results

4.1. The Results of GSEM

Measurement Model

To ensure the robustness of the constructs and their

alignment with both established theories and newly introduced variables (eg. customers' perceived expectations (CPE), formal institutions (FOR_INS), and informal institutions (INF_INS), this study adopted a two-step approach to assess the measurement model's validity and reliability. Specifically, Exploratory Factor Analysis (EFA) was first employed to examine the underlying structure of the questionnaire items, followed by Confirmatory Factor Analysis (CFA) to evaluate the measurement model's reliability and fit, in accordance with the procedures recommended by Bachmann et al. (2024) and Van et al. (2022).

As presented in Table 2, the EFA results indicate that all factor loadings exceeded the commonly accepted threshold of 0.7, suggesting strong item-construct relationships. The Kaiser-Meyer-Olkin (KMO) value was greater than 0.7, and Bartlett's Test of Sphericity was statistically significant, thereby confirming sampling adequacy and the suitability of the data for factor analysis.

Table 2. The Results of EFA

Variable	F1	F2	F3	F4	F5	F6
ATT1	0.014	-0.002	0.886	0.084	0.014	0.028
ATT2	0.036	-0.016	0.892	0.032	0.038	-0.032
ATT3	-0.017	-0.010	0.889	0.010	0.028	-0.032
ATT4	0.050	-0.039	0.888	0.035	0.057	-0.065
SN1	0.021	0.850	-0.049	0.042	-0.018	-0.018
SN2	0.055	0.843	0.004	0.001	-0.062	0.013
SN3	0.040	0.857	-0.059	0.018	0.009	0.012
SN4	0.047	0.837	-0.025	-0.041	0.013	0.017
SN5	-0.004	0.782	0.014	0.063	0.012	-0.037
SN6	0.022	0.772	0.046	0.115	-0.031	-0.028
PBC1	0.089	0.036	0.018	0.868	0.019	-0.016
PBC2	0.085	0.002	0.099	0.878	-0.041	-0.004
PBC3	0.126	0.044	-0.010	0.859	-0.107	0.042
PBC4	0.085	0.048	0.058	0.877	0.004	0.006
For_Ins1	0.005	0.034	0.022	0.000	0.873	0.065
For_Ins2	0.075	-0.064	0.013	0.025	0.873	0.009
For_Ins3	0.000	-0.041	0.035	-0.039	0.883	0.124
For_Ins4	0.058	0.013	0.074	-0.107	0.866	0.038
Inf_Ins1	-0.031	-0.008	-0.029	0.005	0.093	0.848
Inf_Ins2	-0.069	-0.023	-0.049	0.054	0.101	0.855
Inf_Ins3	-0.003	0.002	0.017	-0.037	0.045	0.873
Inf_Ins4	-0.070	0.005	-0.049	0.008	0.013	0.879
CPE1	0.871	0.058	0.030	0.042	-0.005	0.040
CPE2	0.868	0.040	0.020	0.082	0.056	0.014
CPE3	0.851	0.027	0.001	0.077	0.005	-0.029
CPE4	0.877	0.016	0.038	0.052	0.018	-0.036
CPE5	0.825	0.002	-0.029	0.095	0.011	-0.093
CPE6	0.826	0.001	0.037	0.079	0.078	-0.100
CPE7	0.827	0.044	0.015	0.075	0.016	-0.039

Kaiser-Meyer-Olkin (KMO) = 0.858, Bartlett's Test of Sphericity: $p = 0.000$

Subsequently, CFA was conducted to further validate the constructs. The composite reliability (CR) values ranged from 0.891 to 0.938, surpassing the recommended minimum of 0.7 (Kaes et al., 2024), thereby indicating strong internal consistency across all latent variables. Furthermore, the Average Variance Extracted (AVE) values exceeded 0.5, with the lowest being 0.626, thus demonstrating acceptable convergent validity (HANG & TRUONG, 2025).

Table 3. The Reliability and Validity

Variable	Mean	Std. err	Loadings	CR	AVE
Attitude (ATT)				0.914	0.727
ATT1	3.576	0.950	0.845		
ATT2	3.583	0.946	0.860		
ATT3	3.566	0.963	0.845		
ATT4	3.541	0.970	0.859		
Subjective norms (SN)				0.909	0.626
SN1	3.558	0.886	0.833		
SN2	3.635	0.866	0.813		
SN3	3.608	0.909	0.874		
SN4	3.638	0.863	0.809		
SN5	3.603	0.965	0.704		
SN6	3.648	0.909	0.696		
Perceived behavioral control (PBC)				0.902	0.696
PBC1	3.586	0.892	0.822		
PBC2	3.558	0.935	0.850		
PBC3	3.558	0.922	0.820		
PBC4	3.551	0.949	0.845		
Formal Institution (FOR_INS)				0.901	0.696
FOR_INS1	3.682	0.877	0.825		
FOR_INS2	3.593	0.908	0.824		
FOR_INS3	3.640	0.945	0.860		
FOR_INS4	3.670	0.894	0.826		
Informal Institution (INF_INS)				0.891	0.672
INF_INS1	3.588	0.889	0.799		
INF_INS2	3.603	0.887	0.817		
INF_INS3	3.615	0.886	0.821		
INF_INS4	3.581	0.906	0.841		
Customers' perceived expectation (CPE)				0.938	0.684
CPE1	4.017	0.896	0.856		
CPE2	4.042	0.898	0.860		
CPE3	3.985	0.840	0.830		
CPE4	4.084	0.842	0.859		
CPE5	4.032	0.814	0.792		
CPE6	4.032	0.805	0.794		
CPE7	3.918	0.838	0.796		

$\chi^2 = 618.641$ ($p = 0.000$), $RMSEA = 0.042$, $TLI = 0.967$, $CFI = 0.963$, $SRMR = 0.034$

In addition, the overall model fit was also evaluated using multiple indices. Specifically, $\chi^2 = 618.641$ ($p = 0.000$), $RMSEA = 0.042$, $TLI = 0.967$, $CFI = 0.963$, and $SRMR = 0.034$ were all within acceptable thresholds, confirming a

good model fit. Collectively, these results provide strong evidence for both the reliability and the validity of the measurement model used in this study.

The empirical results of the structural model are presented in Table 4. All the hypotheses proposed by the author are statistically significant at least at the 0.05 level. Specifically, Table 4 indicates that attitude ($\beta_{ATT} = 0.414^*$, $p = 0.008$) has a positive and statistically significant effect on the intention of business households to transform, supporting H_2 . Similarly, SN ($\beta_{SN} = 1.158^{**}$, $p = 0.000$) and perceived behavioral control ($\beta_{PBC} = 0.944^{**}$, $p = 0.000$) also have positive and statistically significant impacts on the intention of business households to transform, supporting H_3 and H_5 , respectively. These findings align with Hieu et al. (2021), who similarly observed that business households with a positive view of the enterprise model, support from family, friends, and other significant individuals, and confidence in their own abilities are more likely to express an intention to transform to enterprises.

In terms of institutions, the estimated coefficients for both formal institutions ($\beta_{FOR_Ins} = 0.455^{**}$, $p = 0.005$) and informal institutions ($\beta_{INF_Ins} = 0.392^*$, $p = 0.017$) indicate positive and statistically significant impacts at the 0.05 level on the intention of business household owners to transform into an enterprise model. These results support hypotheses H_7 and H_8 , respectively. This positive impact suggests that clarity and transparency in laws, regulations, and conversion procedures, along with political stability, effective control of corruption, and reduced “greasing the wheels” costs, encourage more business households to undertake the transformation.

Table 4. Hypothesis Testing

Variables	Coef.	Std. err	z	P> z	Results
ATT	0.414	0.156	2.66	0.008	Accept
SN	1.158	0.195	5.95	0.000	Accept
PBC	0.944	0.166	5.69	0.000	Accept
FOR_INS	0.455	0.163	2.78	0.005	Accept
INF_INS	0.392	0.164	2.40	0.017	Accept
CPE	0.550	0.162	3.40	0.001	Accept
CPE x SN	0.428	0.131	3.26	0.001	Accept
CPE x PBC	0.458	0.132	3.47	0.001	Accept

Lastly, the author examines the impact of customers' perceived expectations (CPE) on business households' intention to transform into enterprises. The direct effect of CPE ($\beta_{CPE} = 0.550^{**}$, $p = 0.001$) on the intention to transform is positive and statistically significant at the 0.01 level, supporting hypothesis H_1 . This result highlights the crucial role of customer expectations in influencing business households' intention to transform into enterprises.

Furthermore, the relationship between CPE and INT is

significantly strengthened by subjective norms ($\beta_{SN_CPE} = 0.428^{**}, p = 0.001$) and perceived behavior control ($\beta_{PBC_CPE} = 0.458^{**}, p = 0.001$). These findings confirm hypotheses H_4 and H_6 , suggesting that business household owners who value the opinions of those around them and have confidence in their own abilities are more likely to transform their business model when they perceive significant customer expectations for such a change.

5. Discussion

5.1. General Discussion

Based on three foundational theories including TPB, ECT, and RDT, this study investigates the factors influencing the intention of individual household businesses in Hai Duong, Vietnam, to transition into enterprises. While previous research has primarily focused on intrinsic characteristics (eg. demographic traits of the business owner, attitudes, and perceived behavioral control) or government support policies, the role of customers as external strategic agents has not been fully explored. By integrating customer expectations into the analytical model, this study offers a more comprehensive perspective on how both internal and external pressures jointly shape the decision to formalize business operations.

* *Customers' perceived expectations*

Based on empirical findings, this study observes that increasingly high customers' perceived expectations, particularly large organizations and public sector entities, have emerged as a key driver prompting household businesses to transition into enterprises. These clients demand transactional transparency, especially through the issuance of legitimate invoices to facilitate internal auditing and financial settlement processes. In the past, some household businesses could respond flexibly by using third-party invoices or adjusting transaction details according to client requests. However, recent legal reforms, most notably the mandatory implementation of the electronic invoicing system, have eliminated such flexibility, as all transactional data is now synchronized and closely monitored by the tax authorities.

Beyond domestic organizations, expectations from foreign customers create even stronger pressures. During interviews, several household business owners indicated that they intended to convert into enterprises to access customers in international markets. For export activities, international partners typically require legal personhood, internationally recognized certifications, and the ability to comply with logistics procedures and customs regulations to ensure seamless cross-border transactions. However, under

the household business model, meeting these expectations is nearly impossible without formalization. Therefore, pressure from foreign customers adds another decisive layer of motivation, making the transition into an enterprise not only a response to legal requirements but also a strategic necessity to sustain and expand access to global markets.

In this context, maintaining relationships with clients who require electronic invoices becomes increasingly difficult if the owners continue to operate under the household business model. Therefore, transitioning to an enterprise is not merely a passive response to regulatory compliance, but a proactive strategy to preserve access to and collaboration with large client segments. Legal entity status enables businesses to issue valid electronic invoices and establish a more structured financial governance system, thereby enhancing credibility and fostering long-term cooperation. This motivation aligns with the core proposition of the RDT by Pfeffer & Salancik (2003), which posits that firms must adapt their structures and strategies in response to key resource providers. However, this study extends the application of RDT by demonstrating that customer expectations (both domestic and international) not only lead to reactive adaptation but also encourage household businesses to proactively restructure to align with strategic resource relationships within global supply chains.

This finding is also consistent with ECT, which posits that a mismatch between expectations and actual service performance reduces satisfaction and threatens long-term relationships (Oliver, 1980). Conversely, the decision to transition into an enterprise can be viewed as a strategic adjustment aimed at narrowing the gap between expectations and performance, thereby enhancing customer satisfaction, reinforcing trust, and improving client retention. Furthermore, while ECT is traditionally employed to explain post-consumption behavior, this study repositions the theory as a predictive mechanism, whereby household businesses proactively adapt their operational model to preempt potential expectation-performance discrepancies.

* *Attitude, Subjective norms, and Perceived Behavioral Control*

In addition to customer-driven influences, intrinsic behavioral factors continue to play a central role in shaping the intention to transition from household businesses to enterprises. This finding aligns with the assumptions of the TPB, which posits that behavior is best predicted by a combination of personal attitudes, social norms, and perceived behavioral control. Specifically, a positive attitude of household business owners toward the enterprise model shows a strong correlation with the intention to convert, particularly when they possess a clear understanding of the associated legal, financial, and long-term developmental benefits (Hieu et al., 2021).

Moreover, the role of social norms is further clarified. The study reveals that expectations from family, friends, colleagues, and business partners not only directly influence the intention to transition but also moderate the relationship between customer expectations and the behavior of household business owners. This indicates the presence of an interaction effect, whereby social approval enhances both the legitimacy and perceived urgency of external pressures. These findings support Bosnjak et al. (2020), which advocates for a restructured interpretation of the TPB. In this view, subjective norms function not only as an independent variable but also as a moderating factor within the behavioral model.

Furthermore, perceived behavioral control (PBC) also plays a crucial role in shaping the intention to transition. As a core component of the TPB, PBC reflects an individual's confidence in their ability to manage an enterprise. Empirical results indicate that when household business owners feel capable of complying with legal regulations and operating within a formal framework, they are more willing to convert and more proactive in meeting customer expectations. Notably, PBC not only predicts behavioral intention but also moderates the influence of customer expectations, suggesting that external pressure translates into action only when it is perceived as feasible. This finding reinforces Ajzen (1991)'s argument that behavior is more likely to occur when it is evaluated as being within the actor's capability. In other words, while external pressure may trigger the need for change, it is the internal perception of competence that ultimately determines the extent and viability of the transition.

Policy

The research findings indicate that formal institutions play a important role in fostering the intention to transition from the household business model to the enterprise model. However, practical observations in Hai Duong reveal that despite the relatively comprehensive implementation of supportive policies, the actual conversion rate remains low. This observation posits that compliance behavior is influenced not only by policy incentives but also by the perceived legitimacy, transparency, and credibility of the institutional framework. These support the North (1991)'s institutional theory.

At present, support policies are concretized through Decree 80/2021/NĐ-CP. In Hai Duong province, authorities have implemented free consultations on business registration procedures, accounting, and taxation for a period of three years, along with an exemption from the business license fee for the same duration. However, the implementation of these policies continues to face significant challenges. Specifically, the complexity of tax

and accounting regulations has created psychological and behavioral barriers for household businesses. The transition requires compliance with periodic financial reporting, tax declaration and settlement, the use of electronic invoices, and a sound understanding of legal provisions. In contrast, the current household business model offers greater flexibility and lower compliance pressure. As a result, many household businesses opt to maintain their existing model to avoid legal risks.

In addition, the indirect labor costs arising from mandatory social insurance obligations represent another significant barrier. Upon becoming an enterprise, the owners are required to contribute to social insurance, health insurance, unemployment insurance, and trade union fees for their employees. These are fixed costs that do not vary with revenue. This not only increases financial pressure but also necessitates a deep understanding of labor laws, which is an area that often exceeds the capacity of many individual household businesses.

Moreover, the unstable macroeconomic environment following the COVID-19 pandemic, along with ongoing geopolitical conflicts such as those in Ukraine and Gaza, continues to erode business confidence. Fluctuations in input material prices, contractions in import-export markets, and unstable domestic financial indicators have made household businesses increasingly risk-averse. The prospect of assuming additional fixed costs and compliance obligations after conversion heightens concerns over financial vulnerability (Hai Duong Statistical Office, 2023). In this context, a defensive mindset prevails, further weakening the motivation to transition.

However, an equally important factor is the influence of informal institutions, which are often overlooked in policy analysis. According to Provincial Competitiveness Index (PCI) for Hai Duong province in 2023, 23% of businesses reported needing 'connections' to obtain official documents, 33% had to 'negotiate' with tax officials, 45% succeeded only after incurring 'unofficial costs', and 76% believed that 'bureaucratic harassment' remained prevalent. This situation indirectly supports Helmke and Levitsky (2004)'s argument that informal institutions can substitute for or undermine formal institutions when enforcement mechanisms are weak or inconsistent. In other words, informal institutions partially diminish the effectiveness of formal incentives. Transitioning to enterprise status not only increases existing costs but also deepens dependence on a complex and non-transparent administrative system, thereby reinforcing reliance on informal relationships. For small-scale household businesses with limited capacity and a preference for stability, maintaining the status quo becomes a rational choice to avoid unforeseen risks.

5.2. Theoretical Contribution

Firstly, while Ajzen (1991)'s TPB primarily focuses on individual factors such as Attitude, Subjective Norms, and Perceived Behavioral Control, it tends to overlook critical external elements, particularly the perceived expectations from customers. Empirically, Hieu et al. (2021) and Lortie and Castogiovanni (2015) have suggested that TPB should be integrated with external factors to enhance its applicability and explanatory power. To date, TPB has yet to clarify the influence of customer expectations on the intention of household businesses to transition their operational models. Therefore, this study extends the TPB by incorporating the factor of customer expectations, thereby constructing a more comprehensive theoretical framework to explain the driving forces behind the shift towards enterprises.

The inclusion of this factor is underpinned by two foundational theories including the ECT and the RDT. According to Oliver (1980), customer satisfaction and commitment depend on whether their expectations are fulfilled. In the context of increasingly heightened expectations, particularly from large organizations and the public sector, household businesses face mounting pressure to enhance transparency and professionalism, demands that can be effectively met only through enterprise models. When household business owners recognize that transforming into an enterprise is a suitable strategy to meet these expectations, the factor of "perceived customer expectations" emerges as a critical driver motivating the shift towards business formalization.

This argument is further reinforced by RDT. According to RDT, enterprises must adjust their operations to align with the demands of critical resource providers in order to maintain competitive advantage (Pfeffer & Salancik, 2003). However, while most applications of RDT emphasize a passive, adaptive stance, this study extends the theory by demonstrating that the transition to an enterprise model can also represent a proactive strategy—one aimed at restructuring relationships with key customers. This approach offers a fresh perspective on RDT, viewing it not merely as a framework for compelled responses, but as a lens through which intentional, strategic actions to reshape external dependencies are recognized.

At the same time, this study also repositions the ECT as a behavioral forecasting mechanism, rather than solely a post-consumption explanatory tool as traditionally understood. The research findings indicate that household businesses can anticipate future gaps between customer expectations and actual performance. As a result, they proactively adjust their operational models by transitioning into enterprises to mitigate the risk of customer attrition and maintain satisfaction. This represents a novel approach that

contributes to expanding the applicability of ECT within the field of organizational behavior.

Similarly, the study proposes a structural refinement of the TPB by clarifying the dual role of subjective norms. This supports the perspective of Bosnjak et al. (2020) by demonstrating that subjective norms function not only as an independent variable but also as a moderating factor that amplifies the influence of customer expectations on conversion intention. This theoretical extension enhances the flexibility and explanatory power of TPB in the context of complex business decision-making processes, such as the transition of operational models.

Secondly, while previous studies have largely addressed the influence of policy in a general and often superficial manner, this study offers a more detailed and contextually grounded measurement approach. Specifically, research conducted in Vietnam has tended to assess policy effectiveness using simple binary questions, such as "Did the authorities process procedures on time?" or "Did the support policy provide tangible benefits?" (Ha & Nam, 2019). In advanced, Hieu et al. (2021) made some progress by distinguishing between formal and informal institutions. However, their study did not take into account the political dimension, which is highly specific and exerts a pronounced influence on business and production activities in Vietnam.

This study addresses that gap by incorporating two critical dimensions in measuring the impact of policy on conversion intention: (i) the stability of the domestic and international political-economic environment, and (ii) the quality and transparency of the legal framework, including regulations, circulars, and decrees related to business transformation and taxation. Integrating these factors enables a more comprehensive approach to policy context, providing a more accurate reflection of the practical concerns and expectations of household businesses when considering a transition to the enterprise model.

5.3. Managerial Implications

Based on the empirical findings and the current situation, several solutions are proposed to encourage business households to transform into enterprises. The research results reveal that customer expectations significantly influence business households' intention to transform into enterprises. This effect is even more pronounced in export-oriented sectors, where meeting foreign customer demand requires an understanding of logistics processes and compliance with the standards of import markets. These stringent expectations imply that policymakers must recognize the differentiated pressures between domestic and foreign customers when designing appropriate support measures.

For example, the State Bank of Vietnam's Circular No.

32/2016/TT-NHNN stipulates that only entities with legal status are eligible to open payment accounts in Vietnam. As a result, business households are not permitted to open payment accounts at banks. Similarly, regulations concerning electronic invoicing for payments made to agencies and enterprises prompt buyers to carefully consider their choices. Although these regulations do not explicitly target business households, they influence buyer behavior and indirectly put pressure on business households to make the transformation. These regulatory changes suggest that business households, responding to customer needs shaped by such policies, may be more inclined to transform into enterprises to meet evolving customer expectations. Transitioning to an enterprise model allows them to remain competitive and compliant with these new requirements.

The empirical findings also reveal that perceived behavioral control has a positive effect on the relationship between customers' perceived expectations and business households' intention to transform into enterprises. This result suggests that business household owners must have confidence in their abilities to meet customer needs and adapt their business models. Local authorities should provide more support to business households in areas such as regulations, procedures, policies related to the transformation process, accounting, and labor management. In addition, support programs should be implemented to help newly transformed enterprises gain access to logistics processes and meet the requirements of import markets. This support will equip business household owners with the knowledge they need, which will enhance their confidence in managing their businesses. By improving their understanding and capabilities, these owners will be better prepared to transform into enterprise models. This will ensure they meet customer expectations and operate their businesses more effectively.

5.4. Limitation

First, the study adopts a cross-sectional design, which restricts the ability to establish causal relationships between customer expectations, behavioral factors, and transformation intentions. Future research could employ longitudinal data or experimental designs to capture the dynamic evolution of household businesses' decisions over time.

Second, the empirical analysis is limited to a single country context, which does not fully capture the expectations of international customers or the challenges related to electronic logistics and cross-border distribution. Since global customers often impose stricter requirements on transparency, traceability, and digitalized logistics processes, future research should examine household-to-enterprise transformation in an international setting

6. Conclusion

This study integrates theoretical perspectives from the TPB, ECT, and RDT to examine behavioral and institutional factors influencing the intention of household businesses to transition into enterprises in Hai Duong province, Vietnam. The findings indicate that a positive attitude toward the enterprise model, subjective norms, and perceived behavioral control are equally essential components in shaping the business owners' intention to enterprise. In addition, customer expectations—particularly from large organizations and government entities—act as a significant external pressure that not only drives the transition but also helps reshape the strategic relationship between household businesses and their target clients.

The study further reveals that customer expectations function as a strategic catalyst, motivating household businesses to transition when they possess sufficient capabilities and receive social support. This finding extends both ECT and RDT by conceptualizing the transition not merely as a compliance behavior but as a proactive strategy to respond to customer and resource pressures. Simultaneously, the dual role of subjective norms, both as a direct influence and a moderating factor defines the TPB framework in the context of business formalization.

In addition, the study underscores the importance of aligning internal capacity with institutional and market pressures. Accordingly, it recommends that policy interventions should go beyond financial incentives to include institutional reforms, procedural simplification, and the reduction of informal barriers. In particular, policies should focus on enhancing export readiness by improving logistics infrastructure, supporting international certification, and creating conditions that enable newly transformed enterprises to better meet the differentiated expectations of foreign customers.

Declarations

Ethics Approval and Consent to Participate

Not applicable. This study did not involve human participants or animal subjects.

Competing Interests / Conflicts of Interest

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Appendixes

Appendix 1: The Survey

Items	Question
Intention	
Do you intend to transform your household business into an enterprise in the near future?	
<input type="checkbox"/> Yes (1) <input type="checkbox"/> No (0)	
Attitude	
ATT1	Converting to a business model will have more advantages than disadvantages for me
ATT2	Converting to a business model will bring me great satisfaction
ATT3	I look forward to converting to a business model
ATT4	Converting to a business model will give me more business opportunities
Subjective norm	
SN1	My closest family members think that I should convert to a business model
SN2	My closest friends think that I should convert to a business model
SN3	People that are important to me think that I should convert to a business model
SN4	To what extent do you care about what your closest family thinks as you decide on whether to convert to a business model?
SN5	To what extent do you care about what your closest friends think as you decide on whether to convert to a business model?
SN6	To what extent do you care about what people are important to you think as you decide on whether to convert to a business model?
Perceived behavioral control	
PBC1	If I want, I can easily convert to a business model
PBC2	I can easily carry out the conversion process from a household business model to a business model
PBC3	When converting to a business model, I have enough control over my business
PBC4	I am confident that I will be successful when converting to a business model
Formal Institution	
For_Ins1	The regulations on business registration policies and procedures are clear
For_Ins2	The rules for borrowing and other financial sectors are clear and transparent
For_Ins3	The rules on taxes are clear and transparent
For_Ins4	Political influence is always well controlled.
Informal Institution	
In_Ins1	Corruption and bribery are strictly controlled by the government
In_Ins2	The author is safe from gangsters, reactionaries and other criminals
In_Ins3	Our financial transactions are safe
In_Ins4	The author does not have to pay "grease" fees when doing paperwork
Customers' perceived expectations	
Professionalism and flexibility	
CPE1	Most customers prioritize the enterprise because of its professionalism
CPE2	Customers prefer to transact with enterprises rather than business households, as this allows them to use institutional accounts instead of personal accounts
CPE3	Customers expect to receive VAT invoices immediately
Trust and transparency	
CPE4	Customers believe that financial transactions with enterprises are more reliable than those with business households
CPE5	Transactions with enterprises are perceived by customers as being more transparent
Pressure from strategic partnerships	
CPE6	Large customers expect my business household to transform into an enterprise, as they want to maintain or expand their business relationships with my enterprise
CPE7	Large customers are also under pressure from their own partners, who prefer that the prioritize transactions with enterprises rather than business households