

Management capacity of small and medium enterprises: Survey in Hai Phong city, Vietnam

Nguyen Tuan Anh

Ha Noi University of Business and Technology, Vietnam

Submitted: 20-05-2022

Revised: 28-05-2022

Accepted: 30-05-2022

SUMMARY: SMEs play an important role in driving technological innovation, improving employment, maintaining social stability and growing each country's GDP. However, in the context of implementing social distancing to prevent and control the Covid-19 epidemic, production and business activities of Vietnamese small and medium enterprises, especially in Hai Phong city, are suffering significant impacts, such as: demand reduction, supply chain disruption, export order cancellation, raw material shortage, transportation disruption, etc. In the context of the complicated developments of the COVID-19 epidemic, it has seriously affected to the operation of small and medium enterprises in general and small and medium enterprises in Vinh Phuc province in particular. Therefore, the article analyzes the current situation and proposes solutions to improve the management capacity of small and medium-sized enterprises: The author conducts a survey in Hai Phong city.

Keywords: Management; Management capacity; Small and medium enterprises; Hai Phong city.

I. INTRODUCTION

According to the Association of Small and Medium Enterprises of Hai Phong, from the beginning of the year until now, the whole city has 30% of these enterprises operating stably, 20% achieving low growth; 50% of difficulties, in which mainly difficulties in labor resources. The manufacturing industries that face the most difficulties in terms of labor are furniture, mechanics, and footwear. Some small and medium enterprises in Vinh Niem industrial cluster (Le Chan district); Dong Hoa (Kien An), Truong Son town (An Lao) ... although recruiting workers continuously, but the number of recruits has not met the requirements set forth. Hai Phong City People's Committee has just issued Plan 95/KH-UBND to support small and medium-sized enterprises in Hai Phong city, period 2022-2025 in

order to accelerate development and improve competitiveness for small businesses. and locally. According to this plan, the beneficiaries are small and medium-sized enterprises defined according to the criteria specified in Article 5 of Decree No. 80/2021/ND-CP, established and operating in Hai Phong city. ; business households with business registration, wishing to develop and convert into enterprises in Hai Phong city; agencies, organizations and individuals involved in supporting small and medium enterprises.

Hai Phong City People's Committee proposed a number of contents and solutions to support small and medium-sized enterprises, including: credit access support; establish a credit guarantee fund for small and medium-sized enterprises in the city; tax and accounting support; technology support, incubator , technical base; market expansion; information support, legal advice; human resource development; conversion from household business; innovative start-ups; join industry clusters, value chains .

Stemming from that fact, the author has chosen the topic of the article: "Management capacity of small and medium-sized enterprises: Survey in Hai Phong city".

II. THEORETICAL BASIS

Small and medium enterprises

The Organization for Economic Co-operation and Development (OECD) defines the concept of small and medium-sized enterprises as follows: "SME is an enterprise that is not subsidized, is an independent company and employs a certain number of employees depending on the regulations. regulations of each country" (OECD, 2009). According to this concept, the OECD emphasizes that it does not receive government subsidies, operates as an independent legal entity and has the right to employ workers in accordance with the legal provisions of the host country.

According to author Nguyen Thanh Do, editor of the Business Administration textbook, "Small and medium-sized enterprises are business establishments that have registered their business according to the law, divided into three levels: super small, small, medium according to the law. total revenue or average number of employees per year".

On June 30, 2009, the Government issued Decree No. 56/2009/ND-CP on supporting the development of small and medium enterprises. Accordingly, small and medium-sized enterprises are business establishments that have registered their business according to the provisions of law and are divided into three levels: micro, small and medium according to the size of the total capital (total capital equivalent to the total capital). assets determined in the balance sheet of the enterprise) or the average number of employees per year (total capital is the priority criterion).

Decree 39/2018/ND-CP dated 11/3/2018, small and medium enterprises are classified by size including micro enterprises, small enterprises and medium enterprises.

Thus, with the above general viewpoints and current regulations, the concept of small and medium-sized enterprises can be understood as: small and medium-sized enterprises in Vietnam are enterprises with a large scale of capital or labor, relatively small and satisfy the provisions of different industries and business fields of the law.

Management capacity

Management activities originate from the division and cooperation of labor, arising when there is a need for collective efforts to realize common goals. Management takes place in every organization, from small to large, from simple to complex. In the common sense, management is an activity aimed at an organized and oriented influence of the subject of management on a managed object to regulate social processes and human behavior, in order to maintain maintaining the stability and development of the managed object according to the set objectives (National Academy of Sciences, 2012).

Competence is a set of capabilities and resources of a person or an organization to perform a certain job. Therefore, in essence, a person's capacity is a collection of what that person currently has. (According to Kathryn Barto & Graham Matthews, 2001). Leadership are the skills and resources you may possess that make you a good leader. Your competence will increase trust and commitment to your team. Good leaders inspire, encourage, and empower employees, which

in turn motivates to improve productivity. A leader's worth is determined not only by his or her own success, but also by the success of the team as a whole.

The management capacity of the leader is an extremely important factor, directly affecting the flourishing of an enterprise. There are many necessary factors for a strong and sustainable business development such as corporate culture, innovation, creativity, modern management system, application of advanced technologies, etc. In addition, there is an equally important factor that directly affects the prosperity of an enterprise, which is the management capacity of the leader. So what skills do leaders need to equip to help businesses thrive?

III. RESEARCH METHODS

Information and secondary data are collected from annual reports of the Department of Industry and Trade, the Management Board of Industrial Parks and Export Processing Zones of Hai Phong city; and Hai Phong City People's Committee.

Collecting and processing primary data from surveys and direct interviews with 175 business leaders in Hai Phong city through an online survey designed by the author using the method of sociological investigation, March 2022 time.

The interviews were conducted with the aim (qualitative) to obtain different perspectives on the management of small and medium enterprises in Hai Phong city. The interview results are also used to design the survey questionnaire.

IV. RESEARCH RESULTS

The socio-economic situation of Hai Phong city in the period 2017-2021

Hai Phong city has a great position, strategic role and potential, great development advantages of Hai Phong, affirming that in the period of 2015-2020, the city has developed rapidly in many fields. The average economic growth in the period 2016-2020 will reach 13.94%/year, 1.3 times higher than the set target, 2.06 times higher than the general growth rate of the whole country. Total social investment capital is 3 times higher than the previous period; total resources for transport infrastructure reached nearly VND 44,000 billion, 1.82 times higher than in the previous period. Together with neighboring localities, they completed many important traffic works, expanding the development space of the region.

In 2021, Hai Phong has implemented very drastic measures to prevent and control the epidemic and restore and develop socio-economics, being one of the localities that have implemented

the most successful and most effective epidemic prevention and control in the region. country; the rate of people over 18 years old getting 2 injections is over 86% and more than 98% of children aged 12-17 have received 1st dose.

High economic growth (GRDP), estimated at 12.38%, is in the leading group of localities across the country. Total budget revenue is estimated at more than 90,000 billion VND, exceeding the estimate. Index of industrial production (IIP) increased by 18.5%; export turnover reached 25.11 billion USD, up 23.19%. Attracting foreign direct investment (FDI) was estimated at 3.13 billion USD, up 91.44% over the same period, exceeding the set plan, among the leading localities in the country. The fields of culture - society, security,

defense, foreign affairs, and Party building continued to receive attention and achieved many positive results.

Besides the positive contributions, small and medium-sized enterprises in Vinh Phuc still have to face many difficulties and challenges such as: The quality and efficiency of production and business activities are still very low; technology level is still backward... These limitations have affected the management capacity of small and medium enterprises in the province in the context of international integration. To overcome these shortcomings and limitations, it is necessary to have a synchronous solution to improve the management capacity of small and medium enterprises in the province.

Production value of small and medium enterprises of Hai Phong city

Table 1. Economic scale of Hai Phong city (at current prices).

Unit: billion

No	Targets	2017 _	2018 _	20 19	20 20	20 21
1	TotalGRDP	57,284.1	72,990.0	87,212.9	97,476.6	106,037
2	Agroforestryindustry and waterproduct	5,731.5	7,081.5	7,960.6	8,313.8	8,513.6
3	Industry and construction	21,282.4	26,944.4	32,185.1	35,895.5	40,667
4	Service	30,270.2	38,963.8	47,067.1	53,267.3	56,856.3

(Source: Hai Phong Statistical Yearbook 2022)

Economic scale of the city : Economic growth rate in the period of October 20 , 2016 _ _average increase of 10.26%; the city 's economic growth rate in the 2017-2021 period , increased by 8.7 % , 1.5 times higher than the national average in the same period. The economic scale of the city has been gradually expanded , maintaining the **second position** in the key economic region of the North , after the capital Hanoi . GRDP in 20 21 increased 1.85 times compared to 2017 , GRDP per capita in 20 21obtainabout 54.5 million VND/person , equal to 1.76 times compared to 2017 . Total state budget revenue 2017 _ _ - 20 21 , reaching 186,559.8 billion VND, the average growth rate is 3.5%/year, of which, customs collection is 135,010.6 billion VND, increasing by 0.3%/year on average ; domestic

revenue 32,605.5 billion VND, an average increase of 10.7%/year

Economic restructuring : GRDP share of service industry in 2017 _ _ _ _ _ is 53.38% , 20 20 is 54.88% , in 20 21reached 54.13% , the corresponding figures of the industry - construction group are: 36.90 % - 35.74% -36.84%. Instrumentcan:

- Service sector accounts for the largest proportion in the structure of GRDP , 4 years on average in 2016 -20 21 , the GRDP of this industry group increased by 10.4%/year, higher than the general GDP growth rate of the city. Commercial activities developed quite strongly and comprehensively , the total retail sales of consumer goods and services increased by 20.6 % / year .

Table 2. Economic structure of Hai Phong city byGRDP

Unit: %

No	Targets	2017 _	2018 _	20 19	20 20	20 21
1	Total GRDP	100	100	100	100	100

2	Agriculture, forestry and fisheries	10.01	9.7	9.13	9.38	9.03*
3	Industrial and Construction	37.15	36.92	36.9	35.74	36.84*
4	Service	52.84	53.38	53.97	54.88	54.13*

(Source of socio-economic report of Hai Phong city in 2022)

The industry - construction group maintained a good growth rate compared to the national average, on average in 4 years 2017 - 2021 GRDP of the industry group increased by 7.3%/year. A number of high-tech manufacturing industries have been formed, such as the manufacture of electrical and electronic machinery and equipment; medical instruments, precision instruments; office equipment and computers; increase the proportion of industries with high added value, industries producing consumer goods; gradually reduce the proportion of labor-intensive industries. The value of construction production in the city in 2021 (comparative price of 2010) will reach VND 15,255 billion, on average in 2017 - 2021, an increase of 1.79%/year. The non-state sector accounts for over 80% of the total production value of the construction industry.

The agriculture, forestry and fishery sectors have made important contributions to maintaining economic growth and social stability in the city. The growth rate of production value of this industry group in 4 years from 2017 to 2021 will reach 4.0%/year, the growth rate of GRDP is estimated at 3.6%/year. 2011 - 2014 will increase by 1.79%/year. The non-state sector accounts for

over 80% of the total production value of the construction industry.

The agriculture, forestry and fishery sectors have made important contributions to maintaining economic growth and social stability in the city. The growth rate of production value of this industry group in 4 years from 2017 to 2021 will reach 4.0%/year, the growth rate of GRDP is estimated at 3.6%/year.

Situation of small and medium-sized enterprises in Hai Phong city in the period 2017-2021

SMEs have become an important part of Vietnam's economy. According to statistical results, SMEs in Hai Phong city account for 95-96% of the total number of businesses in the area, and SMEs contribute significantly to the City's total income, creating jobs, mobilizing businesses and creating jobs. domestic and foreign capital sources for production and business activities, solving social problems. In addition, in the process of operation, SMEs have created a team of entrepreneurs and workers with increasingly improved knowledge and skills. benevolent.

Table 3. Number of SMEs as of December 31 of each year by labor criteria

Year	Total enterprise	Enterprise big	Total number of SMEs	Small and medium enterprises		
				Business medium business	Business small business	Business micro business
2021	9,428	386	9,042	354	3,521	5,167
	100%	4.09%	95.91%	3.75%	37.35%	54.80%
2020	8,795	318	8,477	289	3,310	4,878
	100%	3.62%	96.38%	3.29%	37.64%	55.46%
2019	7,985	297	7,688	266	2,961	4,461
	100%	3.72%	96.28%	3.33%	37.08%	55.87%
2018	7,548	275	7,273	254	2,650	4,369
	100%	3.64%	96.36%	3.37%	35.11%	57.88%
2017	5,803	250	5,553	210	2,026	3,317
	100%	4.31%	95.69%	3.62%	34.91%	57.16%

(Hai Phong Statistical Yearbook)

As of December 31, 20 , the total number of enterprises surveyed in the statistics industry was 8,795 enterprises. According to labor criteria, the number of large enterprises is 318 enterprises, accounting for 3.62%, the number of SMEs is 8,477 enterprises, accounting for 96.38% (of which medium enterprises are 289 enterprises, accounting for 3.29%, small enterprises are 3,310 enterprises). , accounting for 37.64% and micro enterprises were 4,878 enterprises, accounting for the highest proportion with 55.46 %.

The number of SMEs increased rapidly from the year 20 17 to 20 21 , specifically: The number of SMEs in 20 21 increased nearly 1.53 times in 2017 , an average annual increase of approximately 11% per year from 15-15-2017 . Especially, micro enterprises have grown very rapidly in recent years, specifically in 2017 Hai Phong city had only 3,317 micro enterprises, by 2021 this has increased to 5,167 enterprises, 1.56 times higher than in 2017 .

Table 4. Number of SMEs as of December 31 of each year by capital source criteria

Year	Total enterprises	DNbig	Total number of SMEs	Small business and _fit	
				Medium Enterprise	Small business
2021	9.428	826	8.602	2.081	6.521
	100%	8.76%	91.24%	22.07%	69.17%
2020	8,795	785	8.010	1.805	6.205
	100%	8.93%	91.07%	20.52%	70.55%
2019	7.985	709	7.276	1.383	5,893
	100%	8.88%	91.12%	17.32%	73.80%
2018	7.548	546	7.002	1.216	5.786
	100%	7.23%	92.77%	16.11%	76.66%
2017	5.803	365	5.438	1,050	4.388
	100%	6.29%	93.71%	18.09%	75.62%

(Source: Hai Phong Statistical Yearbook)

According to capital scale, as of December 31, 20 , the number of large enterprises was 785, accounting for 8.93%, the number of SMEs was 8,010, accounting for 91.07% (of which medium enterprises were 1,805 enterprises, accounting for 20, 52% of the total number of enterprises; small enterprises are 6,202 enterprises, accounting for 70.58% of the total number of enterprises).

We see that the majority of SMEs are enterprises with small capital and labor size. The number of enterprises with capital under 10 billion dong accounted for 70.55% and the number of employees under 10 people accounted for 55.46% of the total number of enterprises. This feature has made it difficult for SMEs to operate, expand their business, as well as train and develop human resources. Due to financial

constraints, it is very difficult for SMEs to organize training. With a small number of employees, it is also difficult to train human resources because there is no dedicated person responsible for this work and the training needs are often small and diverse, and it is difficult to invite organizations to provide them. training services perform training.

Management capacity of leaders of small and medium enterprises in Hai Phong city

The results of the survey of 50 SMEs in Table 5 show that the educational level of the Leaders in SMEs is not equal at all levels , with the majority of managers having university degrees . _ _ _ rate of 56 % , followed by managers with college degrees , managers with graduate degrees only accounted for _ _ _ _ _6%.

Table 5 . Education level of leaders _ _religion

Unit: Person - Rate

Academic level	Answer number	
	Quantity (person)	Ratio (%)

After university	3	6
University	28	56
Colleges	9	18
Professional high school	6	twelfth
high school	4	8
total	50	100

Source: Author's survey March 20 22

By level , managers in joint - stock companies mostly have university and postgraduate degrees ; _ _ _ The majority of managers in limited companies have college and university degrees . _ _ _

Meanwhile , managers at private enterprises are managers with relatively low educational attainment .

Table 6 . Education level of SME leaders by type of enterprise

Unit: Person

Education levelquestion	Laboury neckpart	The company LTD	DN Private	Total add
Aftergrandstudy : People	3			3
Ratio (%)	100%			100%
University	19	8	first	28
Ratio (%)	68%	28%	4%	100%
Colleges	3	6	0	9
Ratio (%)	33%	sixty seven%		100%
Professional high school		5	first	6
Ratio (%)		83%	17%	100%
high school		first	3	4
Ratio (%)		25%	75%	100%
Total	25	20	5	50

Source: Author's survey March 20 22

Through interviews , the reason that managers in private enterprises have lower education levels than joint stock companies and limited companies is because most of these businesses are small , family businesses . _ _ _ _ _ After a period of business development , these households switched to private enterprises ;For that reason , the educational level of managers at private enterprises is often lower than those of the private sectorpeacock shapecompany.

REFERENCES

[1]. Hai Phong City Statistical Office (2018), Statistical Yearbook 2017 .
 [2]. Hai Phong City Statistical Office (2019), Statistical Yearbook 2018 .
 [3]. Hai Phong City Statistical Office (2020),

Statistical Yearbook 2019.
 [4]. Hai Phong City Statistics Office (2021), Statistical Yearbook 2020.
 [5]. Hai Phong City Statistical Office (2022), Statistical Yearbook 2021.
 [6]. Government (2021), Decree detailing and guiding the implementation of a number of articles of the Law on Supporting Small and Medium Enterprises. Decree No. 80/2021/ND-CP, dated August 26, 2021.
 [7]. Government (2009), Decree No. 56/2009/ND-CP on support for SME development .
 [8]. Government (2016), Resolution No. 35/NQ-CP, dated May 16, 2016 of the Government on supporting businesses .
 [9]. Government (2018), Decree detailing a number of articles of the Law on Supporting

- Small and Medium Enterprises. Decree No: 39/2018/ND-CP, dated 11/3/2018.
- [10]. OECD (2009), Small and medium enterprises in Vietnam today.
 - [11]. National Academy of Public Administration (2012), Training materials on State administrative management as main specialist, Science and Technology Publishing House.
 - [12]. Hai Phong City People's Committee, Hai Phong City socio-economic report in 2017, 2018, 2019, 2020, 2021 .
 - [13]. Hai Phong City People's Committee (2022), Plan 95/KH-UBND to support small and medium enterprises in Hai Phong city, period 2022-2025 .