

# Recommendations Enhancing the Competitive Capacity of Small and Medium Enterprises after the Covid-19 Pandemic

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## Abstract

In Vietnam, the Covid-19 pandemic has taken place since the beginning of 2020, has seriously impacted businesses' production and business activities, and pushed the world economy into recession. Like other countries globally, Vietnam has been severely affected by this global pandemic. During the Covid-19 outbreak, small and medium enterprises (SMEs) that stopped production or went bankrupt increased. Besides, due to the deep integration into the global value chain now closed to the port, the findings explored that SMEs with a larger scale faced many difficulties. The number of enterprises having to shrink production also increased rapidly. Most businesses say the Covid-19 outbreak has negatively affected their production and trade. The primary official data is distributed directly to business leaders through detailed questionnaires to collect preliminary data and selected models by a simple random process. SMEs failed to reach customers, broke the supply chain, revenue plummeted, and laid off many workers, so far struggling. The study objectives found that more than 87% of businesses are affected by Covid-19. Therefore, the article novelty had several recommendations for enhancing the competitive capacity of small and medium enterprises in Vietnam after the Covid-19 pandemic.

## Keywords:

Competitive;  
Capacity;  
SMEs;  
Covid-19 Pandemic.

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## 1- Introduction

In 2020, Vietnam's situation with the Covid-19 epidemic was complicated, especially as it was the 4th large-scale outbreak that has had a far-reaching impact on socio-economic status and people's lives throughout the country. Significantly, production and business face many difficulties, especially for small and medium enterprises. Vietnam has to realize the "dual goal" of reversing epidemics and economic development of the Government, accompanying small and medium-sized enterprises to overcome difficulties and quickly restore and promote production and business. Banks continue to spend over a billion Vietnam Dong implementing preferential credit programs to accompany and develop with SMEs. The Covid-19 pandemic mainly affects SMEs because these businesses are often vulnerable due to poor liquidity buffers and limited access to credit. Besides, the main impact is that companies have difficulty reaching customers, supply chain disruptions, faults, cash flow imbalances, and difficulties in labor administration. Some enterprises are also affected by other issues such as reducing orders, reducing output, delaying, extending investment schedules, and even canceling implemented projects. In addition, businesses also incur additional Covid-19 prevention costs [1-4].

Moreover, SMEs account for the highest proportion of the economy. According to statistics of the Ministry of Planning and Investment, by the end of 2020, Vietnam will have about 800,000 operating enterprises, of which 98% are SMEs, attracting more than 5.6 million workers and contributing about 45% of the gross domestic product (GDP) and

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31% of the total annual budget revenue. Therefore, supporting SMEs is always a top priority of the government and related ministries and sectors. Especially during the negative impact of the Covid-19 pandemic, the concentration of priority capital for SMEs and the promulgation of support policies to create a legal framework for supporting SMEs' development is always interesting [5-11]. SMEs are directed by the National Assembly and the government through the promulgation of the Law on Support for SMEs, which promulgates 05 Decrees guiding the Law on Investment in innovative start-up SMEs, the Credit Guarantee Development Fund, and legal aid for SMEs. To support SMEs to improve operational efficiency and expand production and business, especially in society affected by the Covid-19 epidemic, Before the issue's update, the studies pointed to the operational problems of Covid-19 operating in the business sector of enterprises but did not present the main functional tools. With that, the space manager, the author, made recommendations for businesses to have a better response plan in the future based on actual survey results at affected companies. Thus, the author had several recommendations for enhancing the competitive capacity of small and medium enterprises in Vietnam after the Covid-19 pandemic.

## **2- Literature Review**

### ***2-1- The Concept of Competitive Capacity***

The concepts of competition and competitiveness have been around for a long time. There are many levels. Research interests offer various ideas but have not yet come up with a unified concept of competitiveness [12-15]. Competitiveness can be considered and studied under four levels. Levels: national competitiveness, industry competitiveness, enterprise competitiveness, and product competitiveness. All four classes are closely related, but the article only focuses on the competitive aspect of enterprises. Currently, there are many different concepts of competitiveness [16-19]. Competitiveness is the performance and advantage of the business owner over the competition in best satisfying customers' requirements for higher and higher profits. The competitiveness of the business had based on the exploitation, use of internal and external resources, and advantages to create products and services that attract consumers to survive and develop, gain increasing profits and improve their position compared to competitors in the market [20-24].

Competitive capacity was still not understood properly and thoroughly. Up to now, there is no uniformly accepted definition. According to the competitive enterprise can produce products and services with outstanding quality. Besides, it has lower prices than domestic and international competitors [5, 6, 25-27]. However, the general understanding of an enterprise's competitiveness is its ability to maintain and enhance its competitive advantage in the production and consumption of products, dominate the market, and attract and use influential factors: production capital, labor, technology, marketing human resources to achieve the highest economic benefits (maximizing profits) and sustainably, ensuring income for employees and businesses [23-26, 28].

### ***2-2- The Concept of Small and Medium Enterprises (SMEs)***

SMEs, also known as the standard medium enterprises and small, are now scaled small in capital, labor, or business revenue. Small and medium enterprises had divided into three categories based on scale enterprises. Three billion VND or the whole capital is not more than 3 billion VND. Micro-enterprises in agriculture, forestry, fishery and industry, and construction have an average number of employees participating in social insurance of no more than ten people per year and total annual revenue of not more than ten people [17-19, 29]. Microenterprises in commerce and services have an average number of employees participating in social insurance of no more than ten people per year and total annual revenue of not more than 10 billion VND or total capital not exceeding 3 billion VND.

Billion VND or the whole capital must not exceed 20 billion VND, but it is not a micro-enterprise as prescribed in Clause 1 of this Article. Statistics in most countries show that SMEs account for a large proportion of the total number of enterprises. The balance of workers employed by SMEs in the total number of employees increases. Small enterprises in agriculture, forestry, fishery, industry, and construction with an average number of employees participating in social insurance not exceeding 100 people per year and a total annual turnover not exceeding 50 people [13, 18].

Small and medium enterprises account for a large proportion of all businesses in a country, region, and worldwide, with the ability to use over 50% of the total number of social workers today and create a large number of jobs up to 65% for workers globally. Small and medium enterprises often exploit local workers, solving many human resource problems for state agencies. SMEs have limited capital and often do not have significant capital sources from investment banks. This concept causes limitations in equipment innovation and job development promotion for these enterprises [14, 30].

### ***2-3- The Role of Small and Medium Enterprises in the Economy***

Small and medium enterprises play a considerable role in the economic growth of many countries or regions, both in developed and developing countries. Small and medium-sized enterprises operating in all fields of the national economy from industrial production, construction, trade, and services meet consumers' increasingly diverse and abundant needs.

In economies with different development characteristics, the role of small and medium enterprises had shown to various degrees [21, 28]. But the fact shows that the importance of small and medium-sized enterprises increases when the scope of activities is expanding, reflected in the number of businesses, activities present in many industries, fields, and existence as an integral part of each country's economy. Because SMEs engage in business in all industries and sectors of the economy with various products, they can ensure job opportunities for many workers in many different regions [22, 31].

On the other hand, because production and business characteristics do not require high qualifications, it is possible to employ workers in remote, undeveloped, and undeveloped areas. Small and medium enterprises create jobs for workers, contributing to reducing unemployment. Significantly, the economy falls into a recession, while large enterprises often have to lay off workers to cut costs. SMEs can adapt quickly with their flexible and dynamic nature with market volatility, stand up without layoffs, or quickly re-engage the workforce as the economy enters a recovery cycle [5-8].

Small and medium enterprises play an increasingly important role in the economic development of countries worldwide. With the ability to create business opportunities and practical jobs, this business model is increasingly encouraged to develop and receive support from state agencies to expand and grow this business model. this business model in our country [6, 10]. (SMEs) are an essential part of the private sector. SMEs have been present in most regions' localities, and these businesses have made good use of and exploited local resources.

There are always remote areas, underdeveloped areas with unfavorable natural conditions, or undeveloped infrastructure. Small and medium enterprises exploit and promote local resources, contributing to economic restructuring. Suppose the economy only exists with large enterprises in cities, towns, and industrial zones without small businesses. In that case, regions that will have an imbalanced development do not make full use of national resources, reducing the operational efficiency of the economy. Meanwhile, with small investment capital, compact organizational structure, and easy start-up, SMEs can participate in many markets to exploit each region's land, resources, and labor potential and strengths, especially the agro-forestry-seafood industries and the processing industry [2, 7].

Small and medium enterprises drive a dynamic economy. An economy that puts too much of its resources and labor into large enterprises will slow down due to its large scale, which leads to a cumbersome management apparatus with slow business decisions [3, 8]. On the contrary, with an appropriate proportion of small-sized enterprises that are easy to adjust their operations, the economy will become more dynamic and flexible, able to adapt to market fluctuations and catch up with the economy's trend of the world economy.

#### ***2-4- Components of Competitive Capacity***

The competitiveness of the business is to demonstrate the performance and advantages of the company over the competition in best satisfying the requirements of customers to profit more and more. Thus, the author had the competitiveness of the business must first be created from the strength of the enterprise. These are the internal factors of each company, not only calculated by the criteria of technology, finance, human resources, corporate governance organization. It makes no sense if the strengths and weaknesses within the business are judged not by corresponding comparisons with competitors [7-9]. Based on these comparisons, creating competitiveness requires firms to develop a comparative advantage with their partners. Thanks to this advantage, businesses can better satisfy the requirements of their target customers and attract customers of competitors.

(1) Financial resources are vital factors that help the competitive enterprise a well-funded. That enterprise must use the capital effectively and account for costs. Capital is the resource that businesses need first because no capital cannot set up a business and carry out operations. It is constrained to enterprises' performance, such as investment in modern technological innovation, limited training to improve cadres, workers, market research [11, 24]. Therefore, enterprises need to diversify the supply of capital if there is a lack of capital.

(2) Human resources: In business, people are the most critical factor in ensuring success. Human resources determine competitive advantage, especially for commercial enterprises that effectively provide customer services. The role of human resources stops at providing and using other labor materials for the organization and determines the success of the business organization [28, 32]. There is no organization with only the head working and can still be successful. It is necessary to have employees who agree and work together for a common goal for success to become a reality [4, 13].

(3) Trademarks allow businesses to protect unique features or forms of products legally, and brands can commit to a standard or quality level of a product and fulfill customers' wishes [15, 33]. The business's trademark can go through the following categories: the trademark is removed, not accepted, the trademark is received, the preferred trademark, and the famous trademark. Brands and trademarks are considered the invisible power of the business. Brands have significant roles for businesses. Brands help companies fulfill their identification purposes to simplify product handling or traceability [12, 34]. In terms of operations, it allows companies to take inventory, calculate and make other records.

Loyalty to the customer's understanding enables the business to forecast and control the market. Moreover, it creates barriers for client companies to enter the market.

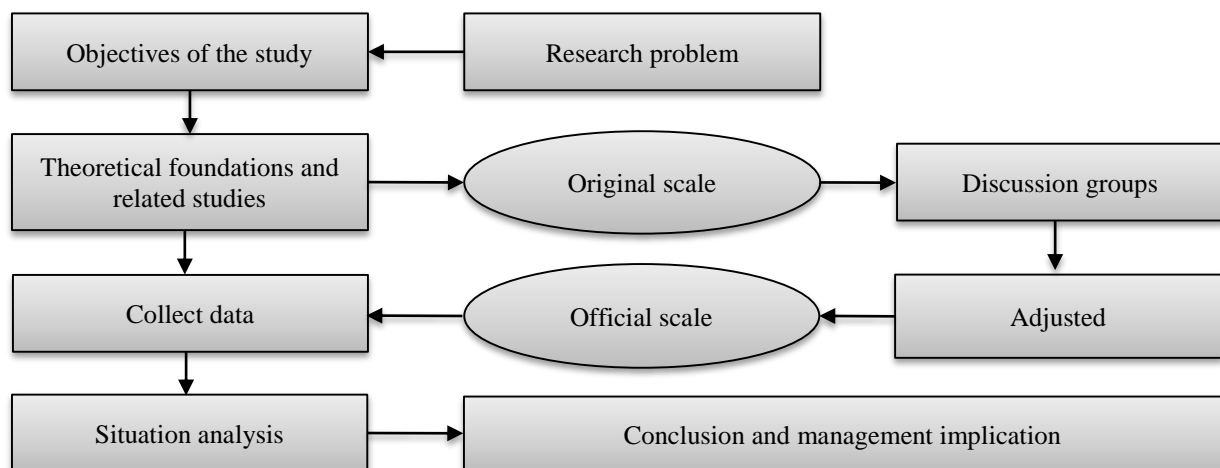
(4) Qualifications of production and business management organizations of enterprises: The level of management organization is one of the critical leading factors that make up the high competitiveness of the product. The author had to organize and manage well, and businesses must first have good management that is both consecrate, competent and talented. The board of directors of an organization has a crucial role, is the executive department, grasps all the organization's resources. Leaders outline the strategic line, policies, operation plans, guide, urges, inspects, evaluate all activities of departments and departments to bring the activities of the organization under its management to the highest efficiency [25, 34]. Management has such an important role, so it is vital to choose the leader, the head of the board of directors, to ensure high-efficiency standards to run the business management. In general, a good leader has professional skills, skills in human relationships, understanding people and understanding people, having strategic cognitive skills sensitivity to the change of the business environment to forecast and develop adaptive strategies.

(5) Market research and marketing activities: Market research is a significant business. The business must carry out market research to select the target market. If you do proper market research to help you reduce the risks in your business, reduce unnecessary costs, make decisions about what to sell, who to focus on, how to recommend and price your products. On the contrary, if the market research collects inaccurate information, it does not reflect the actual situation of the need. Because it had not based on reliable information, the decision made will not be close to reality, leading to the operation of the business will not be effective in wasting people materially. Market research is an essential business tool and a must-do in a competitive market where so many products compete fiercely for customer acceptance and use [16, 35]. Therefore, the better you understand your need and potential customers, your chances of success are better. Understanding your local target customer group and shopping habits will help you find the right way to bring your product to market successfully. Through market research, you can form an idea to develop a new product and choose the right positioning strategy for that product in each specific need [19, 31].

(6) To evaluate the technology of the business. To use technology effectively, enterprises need to choose the appropriate technology to develop products that fit the market's requirements. This factor is required to train qualified workers to control and control the technology. Otherwise, modern technology is not practical. Managers applied modern technologies that use little human resources, short product creation time, energy consumption, low raw materials, high productivity, high flexibility, good product quality, no environmental pollution. The more modern the company's technology will help businesses increase labor productivity, reduce costs, and good product quality, thereby increasing the competitiveness of products and improving enterprises' competitiveness. Technical and technological facilities: Technology is the method, the secret, the formula for creating the outcome [1, 20]. Recently, the industrial revolution 4.0 has created new opportunities and challenges for the construction and development of e-government in Vietnam in general and e-government in provinces and cities in particular. The positive effects of this revolution have helped towns and regions to apply information technology and digital technology in directing, administering, and providing information, disseminating legal documents and policies. Law, handling administrative procedures bring practical efficiency, improve management efficiency, quality of service to people and businesses.

### 3- Research Methodology

The author has comprehensively collected and used primary and secondary data to solve the research problem. The author uses the research process shown through the following main stages in this study (Figure 1).



**Figure 1. The research process for the competitive capacity of SMEs in Vietnam**

Primary data: The theoretical framework of the survey questionnaire was developed based on the theory of competitiveness. Then, the author designs a draft questionnaire and then conducts a pilot survey [27]. The purpose is to discover, adjust and supplement the observed variables used to measure competitiveness factors. This study had achieved through a focus group discussion technique with 11 experts who are directors of small and medium enterprises. After that discussion, the author made adjustments to complete the official questionnaire.

The primary official data is distributed directly to business leaders through detailed questionnaires to collect preliminary data and select models by a simple random method. The purpose is to test the measurement scale and research model. The scale was evaluated. The total number of votes issued in hard copy is 250 votes. These forms reach the respondents, who are the directors of SMEs in Vietnam. The author must use friends and relatives to distribute and fill out the survey. Then ask them to collect it with 235 valid votes, "No votes left?". Accurate due to not filling in the required information. Details of ticket distribution and collection surveys are mentioned in Tables 1–5.

## 4- Results and Discussion

### *4-1-Covid-19 Affecting the Competitive Capacity of Small and Medium Enterprises in Vietnam*

The Covid-19 pandemic has generally had a severe impact on businesses in Vietnam, with 87.2% of companies reporting being affected at the majority or downright harmful levels. For less than three years, new companies had more negatively impacted micro, small or small-scale groups or businesses in the Central Coast region. The domestic private sector and foreign direct investment (FDI) had hard. The enterprises in some industries with high negative impacts include real estate (100%), communication (97%), and agriculture/fisheries (95%). Private enterprises in some industries with high rates of negative impact from Covid-19 are apparel (97%), communications (96%), and electrical equipment manufacturing (94%).

The Covid-19 pandemic has made it difficult for businesses to reach customers, disrupted supply chains, employed workers, incurred additional covid-19 prevention costs, etc. Many cases said to be disrupted, stopped operations due to the epidemic situation, even on the verge of bankruptcy by the sudden market decline in demand. Some businesses said they had to delay, extend the investment schedule and even cancel the project or had implemented.

Vietnam's business environment has made fundamental changes to create favorable conditions for small and medium-sized enterprises (SMEs) to develop. Up to now, SMEs account for 96.7% of the total number of enterprises nationwide. The growth in both the number, scale of operations, and internal strength of the enterprise's sector has a significant impact, making an essential contribution to the socio-economic development and the process of international integration of Vietnam.

In 2019, the country had 758,610 operating enterprises, an increase of 6.1% over the same period in 2018. Among them, 508,770 enterprises are working in the region. The service sector accounted for 67.1% of the total number of enterprises nationwide, up 6.9% over the same period in 2019. The industry and construction sector has 239,755 enterprises, accounting for 31.6%, up 5.1%. The agriculture, forestry, and fishery sector had 10,085 enterprises, accounting for 1.3%, down 6.3%. In 2020, there were 138,139 newly established enterprises, an increase of 5.2% compared to 2018. The total registered capital of newly established enterprises in 2020 reached VND 1.73 million, up 17.1%. Besides, enterprises registered capital of the service sector reached the highest at 1.17 million billion VND, accounting for 67.6%, up 12.9% compared to 2019; next, the industrial sector 531.15 trillion VND, up 30.2%; the agriculture, forestry, and fishery sector was 25.6 trillion VND, down 16.5% compared to 2019. The service sector had the highest number of had established enterprises in 2019, with 99,548 enterprises up 5.1%.

In the Vietnamese business community, over 95% are SMEs. Multinational and transnational companies dominate the global economy and market. Typically, SMEs' expected difficulties are: Lack of capital, difficulty in accessing credit sources, mainly medium and long-term capital sources, are the most significant barriers to the development of Vietnamese SMEs. A small scale for the above reasons has to face many difficulties and challenges in competition in domestic and foreign markets, especially in international integration.

Besides, the machinery and equipment had used in Vietnamese enterprises are only 10% modern. 38% average and 52% outdated and very outdated; the rate of using new high technology is only 2%. Vietnamese enterprises invest in technological innovation very low, only about 0.2%-0.3% of total revenue. The level of specialized equipment in non-state SMEs is only 3% of the equipment level. Technology in large enterprises. This situation poses significant challenges to the competitiveness of Vietnamese enterprises.

Currently, most Vietnamese enterprises have to import input materials. The manufacturing industry is still mainly processing and assembling. Many export and high-growth products depend on imported raw materials and semi-finished products. Meanwhile, the prices of these materials in the world are constantly fluctuating, leading to many product groups having a relatively high proportion of raw material costs, accounting for more than 60% of product costs. For SMEs, due to their small size and weak position, if there is no appropriate cooperation to buy raw materials, they will always be at a disadvantage in price negotiations.



Besides, one of the significant challenges of Vietnamese enterprises is the low quality of human resources. The business owners and managers lack management knowledge and skills, management experience. All of the above limiting factors reflect the competitiveness of enterprises.

#### ***4-2- Opportunities and Difficulties in Business Activities of SMEs during the Covid-19 Pandemic***

The prolonged Covid-19 pandemic has harmed the production and business of enterprises, minimal and medium enterprises. Therefore, the support for small and medium-sized enterprises in Vietnam to overcome difficulties and at the same time have flexible improvisation solutions to survive and develop approved by the Party committee, government, and functional sectors particular interest.

Enterprises have grown in both quantity and scale of investment capital. Some enterprises have well exploited the potentials and advantages of the locality, making significant contributions to socio-economic development. However, in the first months of 2021, the Covid-19 epidemic continued to develop very complicatedly due to new strains and rapid spread, making the operation of businesses increasingly complex, the consumer market became increasingly difficult. Consumption has decreased sharply and has not shown any sign of recovery or is recovering very slowly.

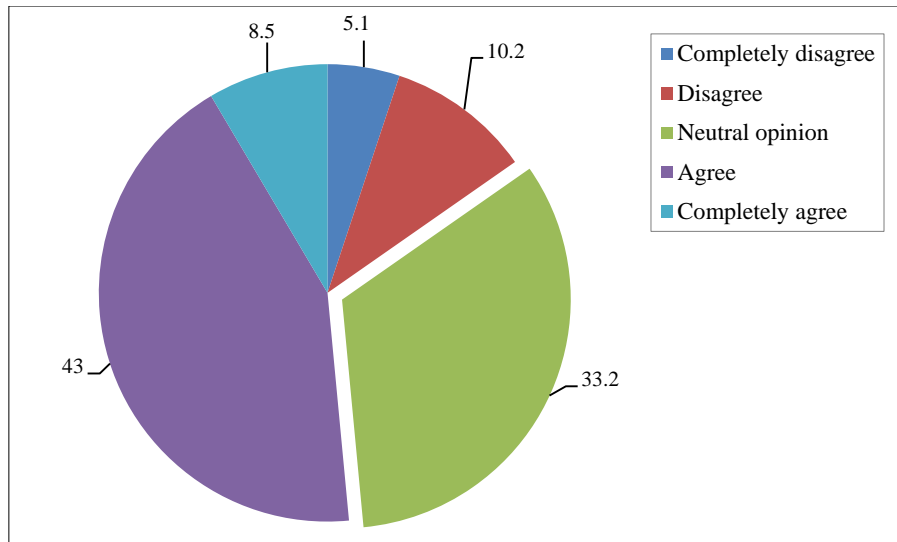
The increasing pressure on competition and purification plus the economic shock caused by Covid-19 have caused many businesses to "stagger." Companies directly affected, such as tourism, aviation, restaurants, hotels, education, etc., have fallen into a state of "hibernation" in 2020. The revenue of the enterprise in the first quarter 2020 and 2020 full-year forecast to fall sharply, even a loss. Trade promotion and investment activities suspended, affecting business activities of the following quarters and years. Many businesses have had to stop operations and reduce production, especially enterprises medium and small.

Despite being heavily affected by the epidemic, this is also an opportunity for businesses to renew themselves and find new directions in line with market needs to survive and grow stronger because risks are always present along with the prospect. The company will transition from a "freeze" to grasp the new opportunities now to develop. This factor is the basis to promote the capacity building of the economy as a premise for more sustainable development.

The international community highly appreciates Vietnam's prestige and position through its recent successes in the fight against the Covid-19 pandemic. This factor is a "golden" opportunity for the world to know about Vietnam with the particular advantage of "strategic credibility" as a safe investment destination and ready to receive capital flows to Vietnam. In the context that the Covid-19 epidemic is still having very complicated developments in many countries worldwide, the excellent control of the disease in Vietnam has created a great advantage to stay one step ahead in the future. The recovery economy, establish new positions in the international area.

Because most Vietnamese enterprises are small, increasing employees by specialization or scale is challenging. On the other hand, the ability to accumulate and concentrate capital to invest, innovate technology, and expand production is almost none because of the small scale. This factor significantly affects the competitiveness of SMEs, especially in the context of deep international integration. With the view that competitiveness means maintaining and enhancing competitive advantage, some economic experts said that the competitiveness of enterprises is the ability to create, maintain, use and create new benefits. Besides, SMEs create productivity, higher quality than competitors, gain a significant market share, generating increased income and sustainable development. This factor makes competitive advantages, productivity, and higher quality than competitors dominate a considerable market share and creates high income and sustainable development.

Figure 2 shows that level 4 (agreement) is 43 %. This result indicated that enterprise management is accumulating practical knowledge of the market. The Government needs to help managers efficiently respond to difficulties encountered by enterprises and limit risks in business operations. The mistake in business management of the administrator comes from the ineffective management of capital. Limited capital resources but lax capital management in enterprises is the main reason businesses often make losses, making it difficult to expand the market. The situation of overspending occurs a lot due to the limited management capacity of enterprises, leading to waste in importing raw materials, employees' working time, fixed asset costs, external procurement costs, etc.



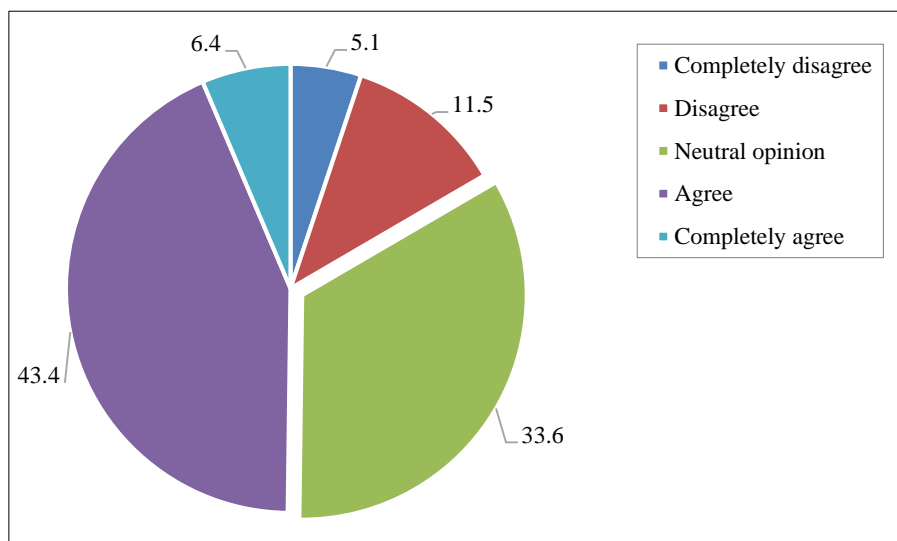
**Figure 2. Enterprises enhancing the business management capacity**

Table 1 showed that business management capacity is vital for general business, especially for SMEs. With a small scale and limited resources, the role of an SME manager is significant. Business managers need to regularly update information and market needs to make timely decisions that bring high efficiency. Many businesses protect information by backing up data to multiple devices. However, nowadays, companies often use information management software to manage their work to protect the information. The use of management software helps businesses store records and data in a more scientific and long-term way; data search becomes more straightforward with just one touch.

**Table 1. Enterprises enhancing the business management capacity**

Scales	Frequency	Percent	Valid Percent	Cumulative Percent
Completely disagree	12	5.1	5.1	5.1
Disagree	24	10.2	10.2	15.3
Neutral opinion	78	33.2	33.2	48.5
Agree	101	43.0	43.0	91.5
Completely agree	20	8.5	8.5	100.0
<b>Total</b>	<b>235</b>	<b>100.0</b>	<b>100.0</b>	

Figure 3 shows that level 4 is 43.4%. This result indicated that in Vietnam's deeper integration, large enterprises have advantages in production scale, manufacturing industry, and low production costs. Meanwhile, SMEs are limited in resources and production scale, which is vital for businesses. Scientific planning will help enterprises to prepare risk prevention plans. The planning allows companies to perform tasks and allocate personnel more quickly and reasonably.



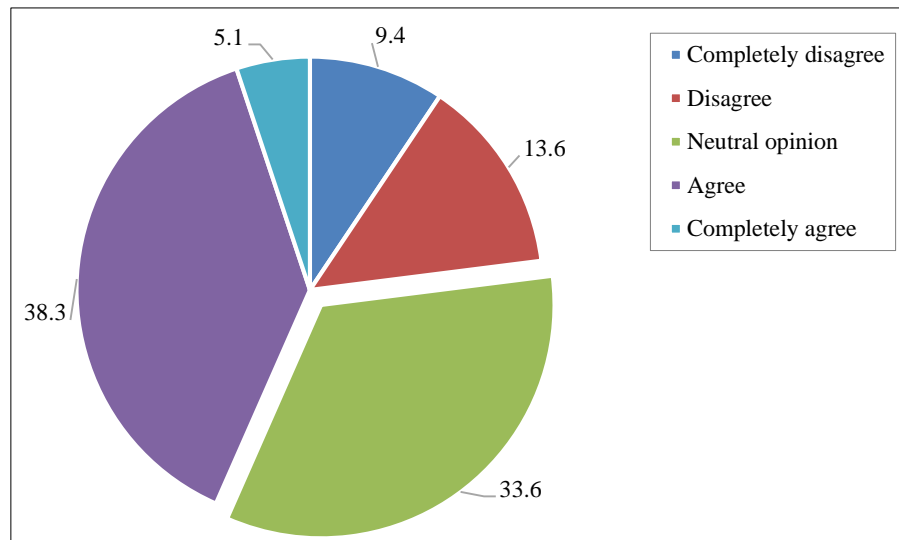
**Figure 3. Enterprises enhancing the material capacity and 4.0 technology**

Table 2 showed that SMEs need to find ways to reduce costs and improve productivity, change the appropriate production process, apply new production technology or improve production technology to save costs for customers and enterprises. The author sees that business management planning work is not practical, especially in small and medium-sized enterprises. Some businesses have applied business administration software to make planning and management work more scientific to overcome that situation.

**Table 2. Enterprises enhancing the material capacity and 4.0 technology**

Scales	Frequency	Percent	Valid Percent	Cumulative Percent
Completely disagree	12	5.1	5.1	5.1
Disagree	27	11.5	11.5	16.6
Neutral opinion	79	33.6	33.6	50.2
Agree	102	43.4	43.4	93.6
Completely agree	15	6.4	6.4	100.0
<b>Total</b>	<b>235</b>	<b>100.0</b>	<b>100.0</b>	

Figure 4 shows the agreement is 38.3%. This result showed that the financial capacity of the enterprise is an essential factor. And a direct factor creating the enterprise's competitiveness. Currently, most SMEs often have difficulty in raising capital. Human resource management in small and medium-sized enterprises is often "emotional" in nature and has not yet built a professional management model according to a certain standard.



**Figure 4. Enterprises enhancing the financial capacity**

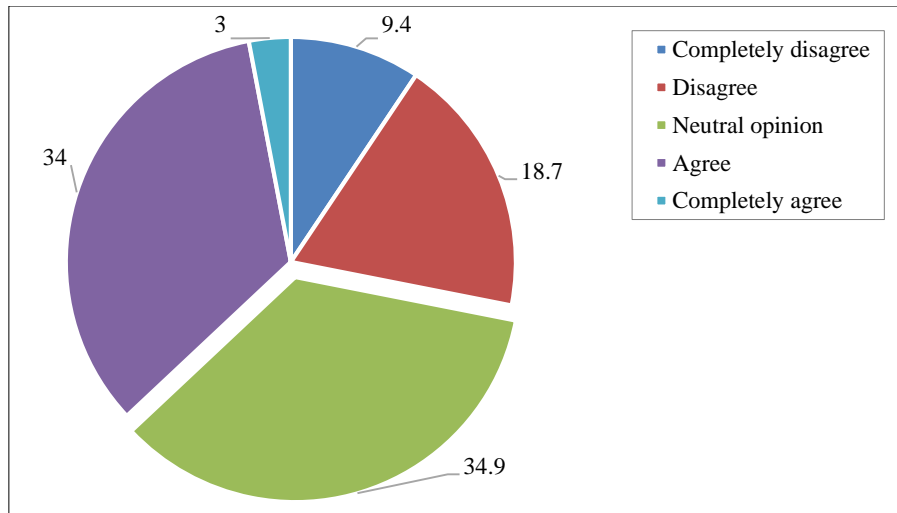
Table 3 showed that businesses need to find the most optimal approach to money and mobilize capital in critical situations, with the lowest cost to plan and decide to use capital effectively results for businesses. In particular, some business owners with fewer than 50 employees often ignore labor law provisions. With the thought that the company is still small, the management agencies do not review it, leading to a state of law enforcement defensive and undisciplined.

**Table 3. Enterprises enhancing the financial capacity**

Scales	Frequency	Percent	Valid Percent	Cumulative Percent
Completely disagree	22	9.4	9.4	9.4
Disagree	32	13.6	13.6	23.0
Neutral opinion	79	33.6	33.6	56.6
Agree	90	38.3	38.3	94.9
Completely agree	12	5.1	5.1	100.0
<b>Total</b>	<b>235</b>	<b>100.0</b>	<b>100.0</b>	

Figure 5 shows that the agreement is 34.0%. This result indicated that enterprises need to have a stable production capacity to meet the market's needs. Enterprises need to pay attention to the production staff and ensure that the quantity is always maintained stably in parallel with the accumulation of experience in production. In addition, the reward and punishment regime in the management of small and medium-sized enterprises lacks "fairness" or does not focus on planning business.





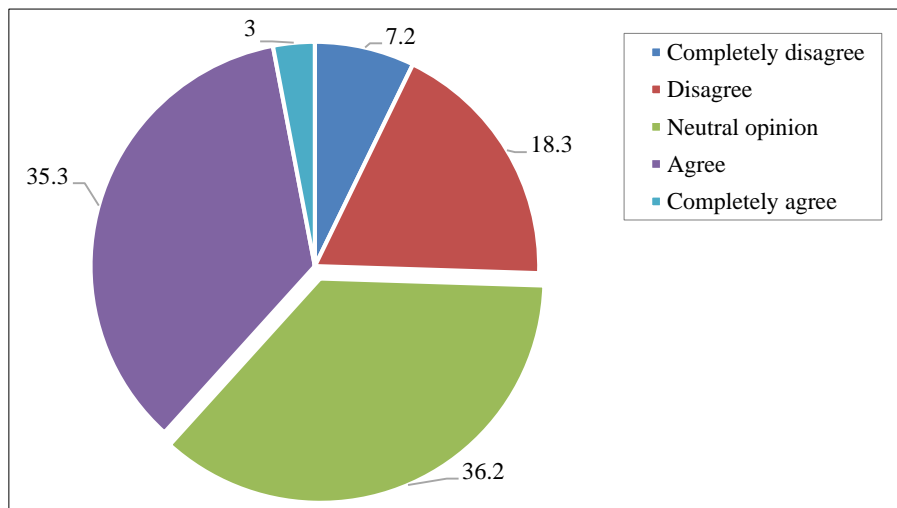
**Figure 5. Enterprises enhancing the capacity to meet the market**

Table 4 showed that SMEs trained to improve skills in the production process, update knowledge related to the production process and apply new technology transfer to improve products, perfecting and meeting the requirements work and meeting market demand. One mistake in human resource management is hiring family members. This result is not wrong if they are competent and suitable for the job. However, if the family members of the management board are not eligible, the work efficiency will decrease. As a result, managers have trouble firing them and affecting personal relationships.

**Table 4. Enterprises enhancing the capacity to meet the market**

Scales	Frequency	Percent	Valid Percent	Cumulative Percent
Completely disagree	22	9.4	9.4	9.4
Disagree	44	18.7	18.7	28.1
Neutral opinion	82	34.9	34.9	63.0
Agree	80	34.0	34.0	97.0
Completely agree	7	3.0	3.0	100.0
<b>Total</b>	<b>235</b>	<b>100.0</b>	<b>100.0</b>	

Figure 6 showed neutral opinion is 35.3%. This result indicated that SMEs are always limited in capital and human resources. Therefore, business managers should encourage employees to have new ideas to improve work processes, production processes, and product improvements. At the same time, businesses need to create a dynamic and positive working environment for employees to be motivated to work. The head of the company also needs to pay attention to the efforts and achievements of his employees to inspire and have worthy rewards timely. The author sees that applying science and technology focuses on all industries and professions. Management is a job that poses many challenges because of the dense workload, difficulty for employees to control, and overlapping data and information over the years. Therefore, management is the priority in applying technology.



**Figure 6. Enterprises enhancing the creative capacity and marketing capacity**

Table 5 shows that the number of enterprises participating in research and development (R&D) investment is not much. Innovation does not stop at researching and inventing new products but must aim to exploit the most significant demand in the market. Innovative enterprises are manifested by continuously creating new values to attract customers to consume goods and use services more and more, willing to pay higher prices. Therefore, creative capacity had assessed through the ability to make a difference in products and services with the potential to bring outstanding profits as well as the ability to adapt to the market in many aspects such as how interaction with customers, methods of marketing, sales, payment, customer care, consulting. The level of human resources, labor, and corporate governance capacity is limited. The structure is not reasonable. Labor in SMEs is mainly unskilled workers with little training, skills, and low educational attainment.

**Table 5. Enterprises enhancing the creative capacity and marketing capacity**

Scales	Frequency	Percent	Valid Percent	Cumulative Percent
Completely disagree	17	7.2	7.2	7.2
Disagree	43	18.3	18.3	25.5
Neutral opinion	83	35.3	35.3	60.9
Agree	85	36.2	36.2	97.0
Completely agree	7	3.0	3.0	100.0
<b>Total</b>	<b>235</b>	<b>100.0</b>	<b>100.0</b>	

Table 6 showed that these results indicated Mean and Std, and the deviation is essential. Based on the study's findings, some managerial implications had proposed improving SMEs' competitiveness in Vietnam for the following years. Besides, the order of factors is as follows: enterprise management capacity, material capacity, 4.0 technology, financial capacity, market response capacity, creative capacity, marketing capacity. The competition of SMEs in terms of products and markets was considered one of the most significant limitations of SMEs. The outcomes of SMEs in Vinh Phuc province are still monotonous in terms of designs and types; they do not have their own "unique" product. Most enterprises are producing low-margin products that are easy to enter the market. At the same time, SMEs have not built their brand. Developing a brand requires a significant investment cost over a long period, which is very difficult for SMEs due to their microscopic scale and limited management capacity.

**Table 6. Descriptive statistics from surveying 250 managers but 235 samples improving SMEs' competitiveness**

Contents	N	Min	Max	Mean	Std. Deviation
Enterprises enhancing the business management capacity	235	1.00	5.00	3.3957	0.96120
Enterprises enhancing the material capacity and 4.0 technology	235	1.00	5.00	3.3447	0.94526
Enterprises enhancing the financial capacity	235	1.00	5.00	3.1617	1.03745
Enterprises enhancing the capacity to meet the market	235	1.00	5.00	3.0255	1.01242
Enterprises enhancing the creative capacity and marketing capacity	235	1.00	5.00	3.0936	0.97389

## 5- Conclusions and Recommendations

Improving competitiveness has become a vital issue for enterprises in the context of international integration deepening, mainly when Vietnam participates in the new generation of Free Trade Agreements (FTAs). The key to enhancing the competitiveness of Vietnamese enterprises in general lies in the hands of the state and each enterprise itself. The author had the research data collected from 235 SMEs in Vietnam. The study used qualitative methods to complete the factors and survey questionnaires and quantitative analysis by testing the scale's reliability. The results showed that five components are significant to the competitiveness of SMEs. The order of influence of the factors is as follows: enterprise management capacity, material capacity, 4.0 technology, financial capacity, market response capacity, creative capacity, and marketing capacity. Accordingly, to improve the competitiveness of enterprises in the new context, it is necessary to focus on the following groups of managerial recommendations.

Based on the results mentioned above, the author had the following managerial recommendations:

First, enterprises enhance the business management capacity (3.3957). First, research and promulgate mechanisms and policies to create a favorable investment, production, and business environment for the SME community in Vietnam. The state promotes propaganda to raise awareness of all party committees, authorities, branches, and society about SMEs' position and the role of business people in the province. Strengthen state management by building party organizations and unions in enterprises. At the same time, support SMEs to expand markets, innovate technology, techniques, and brands, mobilize investment resources, strengthen training, and improve skills for employees. Improve enterprises' management and administration skills for SME directors and senior managers. To perform this skill well, the SME director needs to know the four essential attributes that create power: expertise, personal charisma, effort, and

respect for the legal values of enterprises. Improve employee motivational skills. The SME director wants to use this skill to influence employees, motivate them to work actively, and achieve high efficiency. For the common goal of the enterprise, the director needs to assess the employees' capacity, pointing out to them their limitations in work. Business leaders are the initiators and creators of positive enterprise changes through innovating production and business activities based on product-centricity and new technologies. The production line is to innovate, upgrade equipment, and train human resources, primarily focusing on and investing in breakthrough ideas.

Second, enterprises enhance the material capacity and 4.0 technology (3.3447). They were strengthening the technology application capacity of Vietnamese enterprises in the Industrial Revolution 4.0. Innovation, creativity, and capacity building in technology application are the basis for enterprises to improve labor productivity and product quality. However, for Vietnamese enterprises, most of them are now small and medium-sized, due to limited resources, innovation and technology applications have not received a worthy investment. Therefore, it is necessary to research and propose solutions to help enterprises promote technological innovation to increase competitiveness in the Industrial Revolution 4.0. The state also needs to prioritize investment in technological innovation. At the same time, renew and synchronize the scientific and technological management mechanisms, especially the financial mechanism, to accelerate the technological innovation of enterprises and apply scientific and technological advances to production and business. Accordingly, it is necessary to strengthen linkages and promote the roles of enterprises, management agencies, and scientific and technical organizations. Enhancing cooperation with countries with high technology levels is a solution to promoting science and technology in the country so it develops quickly and does not lag behind other countries in the region and the world. In addition, the state should have policies to support capital sources provide loans with preferential interest rates and long repayment periods for businesses to invest boldly. Building information channels for businesses to regularly update advanced technologies in the world. On the other hand, there are policies on import taxes for domestically manufactured products and equipment, support training in human resources, consulting, and technology evaluation, and have procedures to support output for new products that enterprises develop.

Third, enterprises enhance their financial capacity (3.1617). In Vietnam, small and medium enterprises currently account for about 98% of the total number of businesses operating, employing 51% of social workers, contributing more than 40% of GDP. However, the actual operation of this business community also encounters many difficulties, including difficulties in corporate financial management. SMEs play a significant role in the national economy. SMEs are the principal means of creating jobs and increasing employees' incomes. In the context of economic integration and the robust development of science and technology today, Vietnamese SMEs face many challenges, are forced to stop operating, and go bankrupt. In addition to the problems of policy mechanisms, lack of information, weak positions, power, etc., the weakness in financial management is an important cause. In fact, at present, SMEs are not adequately aware of the critical role of financial management. Lack of thinking and vision in planning for economic activities makes controlling corporate finance weak and passive. Business leaders are not fully aware of the role and positive effects of financial management, so they have not paid due attention to the preparation of financial plans. Strengthening innovation in machinery and equipment, bringing into full play the capacity of machinery and equipment: In the current fierce competition, investment in purchasing fixed assets in the right direction, for exemplary purposes, and practical use, is a significant efficiency in improving the efficiency of capital use in general and fixed capital in particular. At the same time, suitable investment will contribute to improving labor productivity and product quality, lowering the cost of raw materials, and preventing invisible wear and tear caused by scientific and technical progress.

Fourth, enterprises enhance the capacity to meet the market (3.0255), focusing on improving human resource qualifications at the strategic management level and the day-to-day operational status of the business. To step up the production and supply of innovative products based on modern facilities. In the specific conditions of Vietnam, it is necessary to have a roadmap with selected priorities for a few investment areas in order to transform from an outdated chain to a modern version fundamentally. Enterprises must prioritize efficiency in investing in crucial technology lines, avoiding scattered investment. The quality of human resources achieves intelligent products and services, innovative business models and production methods, investment in infrastructure, and equipment for new business models. The decisive factor here is still the innovation capacity of people. Pay special attention to network security and intellectual property protection. In the era of industry 4.0, the issue of security has become many times more important, avoiding harmful information technology risk factors in the production process and protecting technological know-how. The endless cycle of creation and protection was created according to market trends and competitor reactions. Vigorously promote the application of science and technology. When the structure of industries changes with a series of new technologies, processes, and management methods, the surplus-value brought to businesses will be created by highly specialized knowledge resources. Knowledge resources will become the core value of production, not capital. Enterprises build their own research and development centers or look to researchers to order products of high quality and scientific content to meet the urgent needs of businesses and homeowners. More open science and try the market. Actively promote the effective implementation of projects supporting the national innovative start-up ecosystem. The state continues to support and develop domestic enterprises, creating a favorable environment. Benefits to support start-up businesses creative businesses, strengthen the capacity to approach the industrial revolution 4.0 for all central and local ministries, departments, and branches. The development of plans is determined.

Finally, enterprises enhance their creative and marketing capacity (3.0936). Improve the ability to implement marketing mix activities. On the other hand, continue to stabilize the development and improve the quality of traditional products while investing in technology and allocating labor to develop and produce new products to meet the needs of new customer groups such as businesses, companies in industrial parks, and export processing zones. SMEs continue developing ancillary services, standardizing the stages of each department, minimizing defective products that go out and are delivered to customers, packaging, and packaging our products. Artwork must be eye-catching with detailed information, beautiful in both form and quality, and arrange goods neatly and professionally. Improve the management capacity of parts and stages in the production process to minimize unnecessary costs and create conditions for forming a competitive best price compared to products of the same type on the market. Gradually pay attention to trade promotion activities, promote communication activities, and advertise the image of enterprises and products on the media, such as the Internet, television, newspapers, publications, and other media. The company needs to develop professional promotion programs, plans, and strategies. In addition, the company also needs to participate in sponsorship programs that attract the attention of many audiences with the participation of organizations and individuals, as well as programs with the involvement of successful businesses. When customers have good information that benefits them, the spread of information to other interested people happens very naturally, helping to improve the image and brand of the company.

## 6- Declarations

### 6-1-Data Availability Statement

The data presented in this study are available in the article.

### 6-2-Funding

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### 6-4-Ethical Approval

Participants gave their written consent to use their anonymous data for statistical purposes. All of them were over 18 years old and voluntarily collaborated without receiving any financial compensation.

### 6-5-Conflicts of Interest

The author declares that there is no conflict of interest regarding the publication of this manuscript. In addition, the ethical issues, including plagiarism, informed consent, misconduct, data fabrication and/or falsification, double publication and/or submission, and redundancies has been completely observed by the author.

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