



IMPROVING BUSINESS RESULTS OF PRIVATE ENTERPRISES IN VIETNAM UNTIL 2030

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ABSTRACT:

This study aimed to analyze the current scale and structure of private enterprises in Vietnam and assess their business performance based on pre-tax profit targets. The study also examined the achieved results and limitations, while also delving into the reasons behind underachieved aspects of business outcomes within private enterprises in Vietnam from 2015 to 2021. The findings from this analysis serve as the foundation for the author's recommendations to improve the business performance of private enterprises in Vietnam up to 2030.

KEYWORDS:

Private enterprises, business results, development, Vietnam.



1. Introduction

Enterprises play a crucial role in driving the national economy, contributing to the overall economic growth and development of countries in general and Vietnam in particular. The private enterprise sector plays a crucial role in driving economic growth and addressing social issues. It not only contributes to the economy but also creates job opportunities for people in the areas where the businesses operate. As of the end of 2021, the scale of private enterprises in Vietnam accounts for about 96.59% of the total number of enterprises in Vietnam (Source: General Statistics Office).

In the present era of international economic integration, enterprises must compete not only domestically but also with foreign corporations. As a result, the business performance of private enterprises in Vietnam does not always match their scale or available potential.

Therefore, it is necessary to research the current state of the business performance of private enterprises in Vietnam, evaluate the results achieved, identify limitations and causes, and find solutions to enhance their performance.

2. Research overview

In his 2023 research, author Le Quoc proposed solutions for the advancement of private enterprises in Vietnam. The study's focus is on addressing challenging barriers for these businesses and suggesting strategies related to the application of science and technology to enhance the production and business activities of private enterprises in Vietnam.

In her 2021 research, Ta Thi Doan also offers recommendations for enhancing the private enterprise sector in Vietnam. However, her focus lies in addressing the impact of the Covid 19 outbreak and improving the capacity of Vietnamese private enterprises. Key aspects that require attention include: It is essential to prioritize finding solutions to assist enterprises in recovering production, mitigating the adverse effects of the pandemic, stabilizing operations, ensuring the well-being and safety of employees, and labor connections, enabling businesses to adapt to "living with" the pandemic, addressing cash flow challenges, and facilitating access to new loans for business recovery.

In their research, Nguyen Van Thanh and Tran Kim Chung (2023) aim to elucidate theoretical and practical aspects concerning private economic development in Vietnam. Lessons on private economic development in Vietnam have been presented in the study to propose recommendations related to private economic development in Vietnam in the new context.

3. Research methodology

The research data was collected from documents published by the General Statistics Office between 2015 and 2021 via the website gso.gov.vn. Additionally, the study utilized data published in specialized scientific journals as the foundation for the research overview and theoretical basis.

From the collected data, the study uses descriptive statistics, comparison and interpretation methods to analyze the research results to achieve the set research goals.

4. Research findings

For private sector enterprises that are operating and whose operating results are listed by the General Statistics Office as follows:

Table 1: Scale of private enterprises with business results in Vietnam in the period 2015-2021

Years	Unit	2015	2016	2017	2018	2019	2020	2021
Enterprise Scale								
Total number of enterprises	Enterprise	442485	505059	560413	610637	668503	684260	718697
Private enterprise	Enterprise	427710	488395	541749	591499	647632	660055	694181
Scale								
Total number of enterprises	%	100	100	100	100	100	100	100
Private enterprise	%	96.66	96.70	96.67	96.87	96.88	96.46	96.59

Source: General Statistics Office

Private enterprises that were operational and had operating results tended to increase in scale during the research period from 2015 to 2021. In 2015, the scale of these enterprises was 427710 enterprises; by 2020, the number of enterprises in this group will reach about 66005 enterprises. Despite the impact of the Covid-19 epidemic outbreak, the number of operating enterprises and business results in the private enterprise group increased to 694,181 in 2020. This growth reflects a positive trend in the development of private sector enterprises in Vietnam, which makes a significant contribution to the country's economy.

Despite the growth of private enterprises in Vietnam from 2015 to 2021, the proportion of these enterprises within the overall business landscape has experienced a slight decline during the same period. Specifically, in 2015, private enterprises accounted for 96.6%

of the total number of businesses, while this figure decreased to approximately 96.59% in 2021. Although there has been a decrease, it has been relatively modest.

The scale of labor working at non-state-sector enterprises in Vietnam in the period 2015–2021 is as follows:

Table 2: Scale of employees working at private enterprises with business results in Vietnam in the period 2015-2021

Years	Unit	2015	2016	2017	2018	2019	2020	2021
Labor scale								
Total number	Thousand people	12857	14012.3	14518.3	14817.8	15151.6	14702.6	14799.6
Private enterprise	Thousand people	7712.5	8572.4	8807.2	8977.17	9075.27	8607.05	8604.39
Structure								
Total number of enterprises	%	100	100	100	100	100	100	100
Private enterprise	%	59.99	61.18	60.66	60.58	59.90	58.54	58.14

Source: General Statistics Office

Non-state enterprises play a crucial role in the socio-economic development of the country and significantly contribute to job creation in the regions where they operate. According to statistical data from the General Statistics Office, the number of employees working in private enterprises tends to increase in 2015–2021. The number of employees in private enterprises has been steadily increasing from 7712.5 thousand people in 2015, accounting for about 59.99% of the total workers working at Vietnamese enterprises. In terms of the scale of workers working at enterprises, there is an increasing trend; in 2021, it will reach about 8604.39 thousand workers, but the proportion of workers in the total number of workers working at Vietnamese enterprises decreased to about 58.14%.

The business performance results of private enterprises are as follows:

Table 3: Pre-tax profits of private enterprises with business results in Vietnam in the period 2015-2021

Years	Unit	2015	2016	2017	2018	2019	2020	2021
Scale								
Total number	Billions dong	552747	711975	877534	895560	889934	953998	1276847
Private enterprise	Billions dong	150528	188092	323636	323637	277624	295904	492367
Structure								
Total number of enterprises	%	100	100	100	100	100	100	100
Private enterprise	%	27.23	26.42	36.88	36.14	31.20	31.02	38.56

Source: General Statistics Office

The pre-tax profits of private enterprises in Vietnam have shown a consistent upward trend from 2015 to 2021. In 2015, private enterprises in Vietnam recorded a total pre-tax profit of approximately 150528 billion VND, which has surged to about 492367 billion VND in 2021, signifying a remarkable 327% increase compared to 2015. The rise in profits among private sector enterprises in Vietnam underscores the effectiveness of their business operations. Despite external factors like the Covid-19 outbreak impacting overall business operations, the growth in pre-tax profits is a notable indicator. It's worth noting that this increase can also be attributed to the expansion of private enterprises during the study period.

In terms of structure, the contribution of pre-tax profit compared to all businesses operating in Vietnam is as follows: The contribution structure of pre-tax profits of private enterprises compared to the scale of total pre-tax profits of the total number of businesses tends to increase in the period 2015–2021, in which the ratio of total pre-tax profits from private enterprises compared to the overall pre-tax profits of all businesses has increased from approximately 27.23% in 2015 to about 38.56% in 2021 (an increase of about 11.33% compared to the rate in 2015). This rise in the pre-tax profit contribution ratio of private

enterprises relative to the total number of businesses demonstrates a favorable outlook for the performance of these enterprises.

Nevertheless, in terms of enterprise size as well as the ratio of private enterprise scale to the total number of enterprises, the results achieved in terms of pre-tax profits and contributions of enterprises to social issues (job creation) have not been as expected. The contribution to the number of jobs in non-state-owned enterprises stands at approximately 58.14% of the total number of employees working in enterprises; With the pre-tax profit target, private enterprises only contribute about 38.56% of the total pre-tax profit of enterprises operating in Vietnam; Meanwhile, the number of non-state enterprises accounts for about 96.59% of enterprises operating in Vietnam.

5. Some recommendations

Based on an analysis of the recent performance of private enterprises in Vietnam from 2015 to 2021, the study puts forward several recommendations aimed at improving the business outcomes of private enterprises in Vietnam by 2030. This is particularly crucial given Vietnam's extensive and profound international economic integration, which has intensified competition among businesses.

Firstly, enterprises must develop targeted strategies aligned with their business plans. Creating a comprehensive business plan is essential for enterprises to build business plans and prepare resources to serve their business activities, thereby contributing to further improving the business results of private enterprises in Vietnam.

Secondly, private enterprises must prepare their human resources to support their business operations, as human resources are crucial inputs that help guarantee business success.

Thirdly, enterprises must seize opportunities to expand their markets and enhance their competitiveness in order to find, retain, and further develop their markets

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