

HOW DO ENTERPRISES IN VIETNAM COPE WITH THE ON-GOING COVID-19 PANDEMIC'S DIFFICULTIES?

● BUI NU HOANG ANH

ABSTRACT:

The on-going COVID-19 pandemic has caused multi-dimensional impacts, mainly negative impacts, on Vietnam's economy in particular and the global economy in general. Each business have to find different ways to cope with the pandemic's challenges. This study is to examine the ways that private enterprises and foreign-invested enterprises in Vietnam do to overcome the COVID-19 pandemic's difficulties. The study used surveyed data sets and secondary data sets collected from reliable sources such as the General Statistics Office of Vietnam and Vietnam Chamber of Commerce and Industry. This study is expected to help private enterprises and foreign-invested enterprises in Vietnam better soften the COVID-19's negative impacts. In addition, the study points out some necessary policies which the Government of Vietnam should continue adopt to support businesses to overcome the pandemic's difficulties in the coming time.

Keywords: enterprise, adaptation, the COVID-19 pandemic.

1. Introduction

The COVID-19 pandemic is a devastating shock that has had a far-reaching impact on the global economy. As of April 30, 2021, the whole world has 151,229,894 cases, of which 128,645,457 cases have been cured; 3,182,037 deaths.

In many countries such as the US and India, the number of people infected with COVID-19 and the number of deaths from COVID-19 continues to increase at extremely serious levels.

Not only creating new challenges for Global Health, the COVID-19 pandemic has pushed the world economy into a spiral of economic decline and recession.

Aggregate demand and aggregate supply are both shrinking, many global supply chains are broken, financial risks tend to increase. A wave of bankruptcy is taking place around the world with an estimated rate of insolvent businesses increasing to 35% between 2019 - 2021.

Difficulties or bankruptcy of enterprises will lead to job loss of workers. According to the International Monetary Fund, in 2020, world economic growth will be negative 4.4%. The economic downturn caused by the COVID-19 pandemic is considered

the worst recession since World War II.

Vietnam is not an exception. Since the first case of the COVID-19 pandemic was detected in Vietnam (January 23, 2020) to April 30, 2021, Vietnam has a total of 1584 COVID-19 cases due to domestic transmission and 35 death case.

In Vietnam, the COVID-19 pandemic has had negative impacts on the economy in general as well as on production and business activities of enterprises, in particular. According to the Socio-economic Situation Report of the General Statistics Office, the industrial production index in 2020 only increased by 3.36% compared to 2019. In 2020, the whole country has 134.9 thousand enterprises registered for establishment, down 2.3% compared to 2019. This is the first time during the period of 2015-2020 the number of newly established enterprises has decreased. The wave of corporate bankruptcy is taking place strongly, the number of Vietnamese enterprises dissolved and temporarily suspended has been recorded at a record level in recent years.

According to the latest data from the General Statistics Office, the Ministry of Planning and Investment, in 2020 there will be a total of 101.7 thousand enterprises suspending business for

a definite time, ceasing operations waiting for dissolution procedures and completion of dissolution procedures, an increase of 13.9% over the previous year. On average, each month, nearly 8.5 thousand businesses withdraw from the market. This is an unprecedented number in the past 10 years.

In that context, each enterprise has different ways of coping to survive. So how have private and FDI enterprises in Vietnam responded? What policies are needed for these enterprises to survive, survive and develop in the context of the complicated developments of the COVID-19 pandemic, in the context of the dual goals identified by the Government of Vietnam as: both fighting against Coronavirus and developing the economy?

Using survey data along with secondary data collected from reputable agencies such as General Statistics Office, Vietnam Chamber of Commerce and Industry, this study was conducted to find out the possibility of applying Deputy Director of private and FDI enterprises in Vietnam, to imply some necessary policies to support enterprises to overcome difficulties and resume production and business in the context of the prolonged and complicated COVID-19 pandemic. The research's results are valuable for reference in the process of making and implementing policies of the State to reduce the negative impacts of the COVID-19 pandemic as well as create more favorable conditions for enterprises to recover, continue to develop production and business activities in the new context.

2. Material and Methods

By sending a random sample survey to private and FDI enterprises in 63 provinces and cities of Vietnam, primary information was collected. Enterprises are randomly selected but still ensure the representativeness of the total number of enterprises in each locality with different selection criteria, including type of enterprise, field of production and business, number of years of operation. By assigning a certain percentage to each group according to those criteria, the computer software produced a list of enterprises to send the survey to. With that enterprise list, the researcher contacted by phone number and sent the survey to the address of the enterprise by post. Over 3000 enterprises have submitted feedback.

Using surveys with many types of questions, including evaluation form with 5-level Likert scale, and open-ended questions for enterprises to share a lot of information.

The information collected has reflected the impact of the COVID-19 pandemic on enterprises in many different ways, showing the response measures of the enterprises. The survey results also show the advantages and disadvantages of enterprises when accessing the government's support policies. At the same time, the survey results also show the proposals and aspirations of enterprises on necessary policies from the Government so that they can survive and continue to develop production and business activities under the circumstance of COVID-19 pandemic continues to be complicated in Vietnam and around the world.

Table 1. Characteristics of types and fields of production and business of surveyed enterprises

Type	Production and business fields	Percentage (%)
Private enterprise	Industry	19
	Trade - service	63
	Build	15
	Agriculture/ forestry/ seafood	2
	Extractive	1
FDI enterprises	Industry	61
	Trade - service	35
	Build	3
	Agriculture/ forestry/ seafood	1
	Extractive	0

Source: Author's survey in 2020

Table 2. Percentage of enterprises by number of years of operation of surveyed enterprises

Operation time of the surveyed enterprises (years)	Percentage (%)
< 5	35
5 - 10	27
10 - 15	21
>15 - 20	12
> 20	5

Source: Author's survey in 2020

3. Results

The survey results using a 5-level scale show that enterprises of different types are affected differently by the pandemic: enterprises with different production

and business fields are affected differently by the COVID-19 pandemic. The extent of the impact of the COVID-19 pandemic on surveyed private and FDI enterprises is shown in Table 3.

Table 3. Impact of the COVID-19 pandemic to surveyed enterprises

Type	Impact of COVID-19	Percentage (%)
Private enterprise	Totally positive	0.55
	Positive	1.3
	No impact	9.2
	Negative	75.45
	Totally negative	13.5
FDI enterprises	Totally positive	0.3
	Positive	0.5
	No impact	10.5
	Negative	75.5
	Totally negative	13.2

Source: Author's survey in 2020

Table 4. Impact of the COVID-19 pandemic on enterprises by production and business lines

Type	Production and business lines	Percentage (%)
Private enterprise		
	Travel	98
	Textile	96
	Information Communication	95
	Electrical equipment	94
	Motor vehicles	93
	Health, labor, education	92
	Finance, insurance	90
	Food	85
	Agriculture/ forestry/ seafood	85
	Real estate	75

Type	Production and business lines	Percentage (%)
FDI enterprises	Real estate	100
	Information Communication	97
	Agriculture/ forestry/ seafood	93
	Textile	92
	Wholesale and retail	91
	Health, labor, education	90
	Build	88
	Food	85
	Motor vehicles	82
	Finance, insurance	80

Source: Author's survey in 2020

The survey results also show that the difference in the degree of impact of the COVID-19 pandemic on enterprises with different years of operation is not significant. That means, whether it is a new enterprises or an enterprise with many years of production and business operations, it is still affected

by the COVID-19 pandemic to the same extent. The survey results also show that both private enterprises and FDI enterprises are affected by the COVID-19 pandemic to the same extent. However, there is a clear difference in the degree of impact from the COVID-19 pandemic between enterprises in different industries.

Table 5. Activities of surveyed enterprises to adapt to the COVID-19 pandemic

Activities	Percentage of enterprises that have implemented (%)	
	Private enterprise	FDI enterprises
Equipping workers with protective gear for free against the pandemic	70.0	75.0
Transforming work to online	35.0	45.0
Increasing the amount of goods and raw materials stored	25.0	30.0
Changing production and business methods	18.0	25.0
Training more skills for employees	25.0	30.0
Increasing application of information technology	50.0	45.0
Allowing customers to pay late	33.0	13.0
Sharing orders	7.9	1.5
Exchanging goods for goods	3.8	0.5
Loan to customers	2.8	0.3

Source: Author's survey in 2020

Through the survey results, it can be seen that the COVID-19 pandemic has had a negative impact on enterprises in many aspects, namely in terms of production chain, number of customers, laborforce, solvency, debt recovery, revenue, profit, investment capital.... In that context, most private enterprises and FDI enterprises in Vietnam have taken many actions to adapt to the COVID-19 pandemic, maintain production and business activities.

Thanks to these activities, many private and FDI enterprises in Vietnam have overcome difficulties and challenges caused by the COVID-19 pandemic and continue to exist and develop.

In addition to the efforts of the enterprises themselves, it is impossible not to mention the support policies from the Government of Vietnam. Although the state budget is not much, the Government of Vietnam has issued many policies to support enterprises to reduce the damage caused by the pandemic. The goals of the Government of Vietnam's policies are to urgently remove difficulties for enterprises, ensure stable production and business, ensure jobs for workers, ensure social security, and gradually adapt response to the COVID-19 pandemic. Nearly one hundred documents have been issued. The government's support packages include: (1) the monetary policy which focuses on debt restructuring, interest rate exemption and reduction, lending to enterprises at preferential interest rates; and (2) the fiscal policy which focuses on the extension of tax payment and land rent: support enterprises to pay wages to employees, suspend payment of social insurance premiums, health insurance premiums, unemployment insurance premiums, delay the deadline for paying union dues.

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Each policy has its own strengths and importance. Although the objectives of the policies are quite clear, there are still limitations in the implementation process. The recommendations of businesses to the government focus on a number of issues: (i) Need to further improve the legal framework for the digital economy; (ii) Supporting policies should be more transparent, accessible, and well controlled, against corruption and policy profiteering; (iii) Respect and protect the equality between economic sectors, develop the private economy, strengthen enterprise linkages; (iv) It is necessary to build a good database to operate the Digital Economy; and (v) Focus on supporting high-quality human resource training.

4. Conclusion

The COVID-19 pandemic is considered the most unexpected shock in many years to the global economy, in which Vietnam's economy, with its large openness and growth mainly thanks to export activities, has been significantly affected by this pandemic.

However, facing that challenge, the spirit and will of the Vietnamese enterprise community has been maximized. Changing to better adapt not only helps businesses survive in the context of the COVID-19 pandemic, but also creates a foundation for the business community to be ready to respond to other fluctuations in the future, ensuring long-term and more sustainable development.

Although they have actively changed to adapt, private enterprises and FDI in Vietnam are still in dire need of more effective support from the Government. They need to make policies work better for the survival and development of enterprises in the context of the COVID-19 pandemic.

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Author's information:

Dr. BUI NU HOANG ANH

Thai Nguyen University of Economics and Business Administration, Thai Nguyen University

CÁCH ỨNG PHÓ CỦA CÁC DOANH NGHIỆP TẠI VIỆT NAM ĐỐI VỚI ĐẠI DỊCH COVID-19

● **TS. BUI NỮ HOÀNG ANH**

Trường Đại học Kinh tế và Quản trị Kinh doanh, Đại học Thái Nguyên

TÓM TẮT:

Sự bùng phát của đại dịch COVID-19 đã gây ra những tác động đa chiều, chủ yếu là tác động tiêu cực đến nền kinh tế Việt Nam nói riêng và nền kinh tế thế giới nói chung. Điều này buộc mỗi doanh nghiệp phải có những cách ứng phó khác nhau để tồn tại. Nghiên cứu này nhằm tìm hiểu cách ứng phó với đại dịch COVID-19 của các doanh nghiệp tư nhân và FDI tại Việt Nam. Nghiên cứu này sử dụng dữ liệu điều tra cùng với dữ liệu thứ cấp được thu thập từ các cơ quan có uy tín như Tổng cục Thống kê và Phòng Thương mại và Công nghiệp Việt Nam. Kết quả nghiên cứu này nhằm giúp các doanh nghiệp tư nhân và FDI tại Việt Nam nhằm thích ứng tốt hơn với dịch COVID-19. Đồng thời, nghiên cứu cũng chỉ ra những chính sách cần thiết để tiếp tục hỗ trợ doanh nghiệp vượt qua khó khăn trong bối cảnh đại dịch COVID-19 kéo dài và phức tạp.

Từ khóa: doanh nghiệp, thích nghi, đại dịch Covid-19.