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### Human Resource Development in Small and Medium Enterprises in Thanh Hoa Province in Vietnam

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#### Abstract

The study was conducted to evaluate the current state of human resources of small and medium enterprises in Thanh Hoa province in Vietnam in recent years. The data in the article was collected by the research team from statistics of the Department of Planning and Investment, Thanh Hoa Statistics Office in Vietnam, data compiled from survey results and using statistical methods. Descriptive statistics and comparative methods to analyze the current situation of human resource use of small and medium enterprises in Thanh Hoa province in Vietnam in the period of 2020 - 2022. Research results show that in recent years, businesses

small and medium enterprises have been actively contributing to economic growth, annually contributing over 50% of total budget revenue in the province; The quality of human resources is not high, the majority have not received professional training (41.7%), lack work experience, especially the ability to apply practice, this is a big challenge in developing human resources. resources for small and medium enterprises in the province. From there, the research team proposed a number of solutions to effectively develop human resources while ensuring the development of the business.

**Keywords:** Small and Medium Enterprises (SMEs), Human Resources, Thanh Hoa Province in Vietnam

#### 1. Introduction

Thanh Hoa province in Vietnam is a key economic region in the North Central region, with an abundant labor force, this is a great advantage in the construction and socio-economic development of Thanh Hoa province in general enterprises. Small and medium enterprises in the province in particular. According to Thanh Hoa Statistics Department, the entire province has more than 24,000 small and medium enterprises operating and actively contributing to the local economic growth (Thanh Hoa Statistics Department, 2022) <sup>[3]</sup>. Every year, small and medium enterprises contribute over 50% of total budget revenue in the province. Small and medium enterprises not only account for a large proportion of the economy but are also the main place to create jobs, exploit local resources well and mobilize domestic capital (Thanh Hoa Department of Planning and Investment in Vietnam, 2022) <sup>[13]</sup>. However, the operations of small and medium enterprises still face many difficulties, leading to the following situations: unstable production and business, low business efficiency, outdated technology, and weak quality of human resources (Binh, 2020) <sup>[2]</sup>. Although there have been many efforts from small and medium enterprises and support from the Government and relevant authorities, human resources in Thanh Hoa small and medium enterprises in Vietnam are still lacking lower than expectations. Besides, in the trend of globalization, integration along with population growth has created fierce competition in all aspects (Phuong, 2015) <sup>[11]</sup>. To stand in a fiercely competitive environment, small and medium businesses are required to build a team of qualified staff in terms of capacity and expertise to properly meet the needs of society as well as keep up. Advanced scientific and technical level. However, the quantity and quality of human resources currently have many shortcomings, including a lack of high-quality human resources along with a relative imbalance in the structure of qualifications, occupations, and experience. (Hoang, 2021) <sup>[8]</sup>. Researching human resources in small and medium enterprises, what influencing factors, advantages and disadvantages are there, thereby proposing solutions to develop human resources in small and medium-sized enterprises in Vietnam. Thanh Hoa province in Vietnam is really necessary.

#### 2. Research Methods

##### 2.1 The Method of Data Collection

###### 2.1.1 Secondary Data

Secondary data includes data on workers divided by industry in Thanh Hoa province in Vietnam for the period 2020-2022 from the Statistics Department of Thanh Hoa province in Vietnam.

**2.1.2 Primary Data**

▪ Selecting the survey sample: The selected sample is small and medium enterprises randomly selected in Thanh Hoa province in Vietnam. Random, stratified sampling method: The sample was surveyed in Thanh Hoa city and Bim Son town according to the list provided by the Department of Planning and Investment of Thanh Hoa province in Vietnam because these are two places with concentrations of largest small and medium enterprise in Thanh Hoa province. The number of investigations is expressed through the Yamane formula below:

$$n = N/[1+N(e)^2]$$

In which:

- n: ballot size (number of survey ballots);
- N: overall number = total number of small and medium enterprises operating in Thanh Hoa city and Bim Son town;
- e: standard error.

As of February 2023, the total number of small and medium enterprises operating in Thanh Hoa City and Bim Son Town is 12,204 enterprises, with a standard error of 0.1 (90% confidence level). %, so, we can calculate the number of votes to be investigated as:  $n = N/[1+N.(e)^2] = 12,204/(1+12,204 \times 0.12) \approx 99$  (votes). To increase the reliability of the article, the number of survey votes is 180 votes.

Locality	Number of small and medium enterprises	Ratio (%)	Number of survey forms	
			Workers	Manage
Thanh Hoa city	11.093	90.9	108	54
Bim Son town	1.111	9.1	12	6
<b>Total</b>	12.204	100	120	60

**Source:** Department of Planning and Investment of Thanh Hoa province in Vietnam, 2022

▪ Building a survey form: The survey form was built for all businesses, employees and managers, including the following main information: Business name; production situation and fields of operation; Number of employees, gender, age, qualifications and income of employees in the enterprise; Working environment, working conditions, remuneration of employees and managers.

**2.2 Analytical Method**

The article uses the following analytical method:  
 Descriptive statistical method: This method is used to describe the current situation of human resources in small and medium enterprises in Thanh Hoa province in Vietnam.  
 Comparative statistical method: This method compares the human resource situation of small and medium enterprises in Thanh Hoa province in Vietnam over the years.

**3. Research Overview**

**3.1 Research on Human Resources**

According to Frederick Harris Harbison: Human resources are the energy, skills, talents and knowledge of people directly involved or potentially involved in producing products or performing useful services (Harbison, 1973) [6].

Charles R. Greer believes that human resources are the resources within each person and that resources include important elements of physical and mental strength. This research emphasizes human resources that have the ability to create material and spiritual wealth for society and are expressed through quantity and quality at a time (Geer, 2001) [5].

Author Le Chi Mai believes that human resources is a concept that refers to a workforce that is educated, has professional qualifications, and especially has the ability to quickly adapt to rapid changes in production technology. key factor for sustainable economic development (Mai, 2011) [10].

Author Pham Minh Hac believes that human resources should be understood as the quantity (population) and quality of people, including physical and mental, health and intelligence, capacity, qualities and ethics of people. workers. It is the totality of actual and potential human resources prepared to participate in the socio-economic development of a country or a certain locality (Hac, 2020) [7].

**3.2 Research on Human Resource Development**

Author Frederick Harris Harbison has conducted research related to human resource development and believes that human resource development is the process of improving the awareness, mindset and behavioral capacity of all people and organizations. in social. From an economic perspective, human resource development can be considered as the accumulation of human capital and effective investment for the development of an economy. From a political perspective, human resource development is about preparing mature individuals to participate in political processes, or more specifically as citizens in a society. From a social and cultural perspective, human resource development helps people have a full, prosperous life and is less constrained by traditional rules. In short, human resource development processes open the door to modernization and socio-economic development (Harbison, 1973) [6].

Jerry W. Gilley believes that human resource development is the process of promoting organizational learning, improving work performance, and creating change through organizing the implementation of solutions (political formal and informal), management initiatives and activities aimed at improving organizational capacity, performance, competitiveness and innovation (Gilley, 2002). The above viewpoint puts more emphasis on formal and informal solutions in human resource development activities and also puts more emphasis on organizational and management solutions. On the other hand, the explanation of the concept also refers to the commitment to career development of people in the organization.

The work East Asian Experience points out that human resource development, from a country's perspective, is the process of creating a dynamic workforce with skills and using them effectively, from an individual perspective. is the improvement of skills, action capacity and quality of life to increase labor productivity and income. Human resource development is activities aimed at improving and encouraging the better contribution of knowledge and physical strength of workers, better meeting production needs. Knowledge is gained through training and experience, while physical strength is gained through

nutrition, physical exercise and medical care (Institute for the World Economy, 2003) [14]. This concept considers the development of the country's human resources, thereby recommending to the state policies on education, training, and health to develop human resources at the macro level.

Author Le Thi My Linh has systematized and developed theories on human resource development in general and has proposed a general model of content, methods and approaches to human resource development in small and medium-sized enterprises, pointing out the remaining areas in this work. Based on the above analysis and assessment, the author has proposed a number of perspectives, solutions and recommendations to develop human resources in small and medium enterprises to meet the requirements of economic integration world economy (Linh, 2016) [9].

Author Nguyen Dinh Bac affirms the importance of labor resources. The author has made the point that the Industrial Revolution 4.0 is an existing challenge for Vietnamese workers, the digital technology era brings breakthrough opportunities in productivity and high-tech human resource development. Therefore, attracting and developing labor resources is an important activity in local human resource management (Bac, 2018) [1].

Scientific report at the 3rd International Scientific Conference with the theme: International integration - achievements and raised issues, gave some theories on human resources, human resource development for with socio-economic development in Vietnam in the context of international integration. Based on the current state of

human resources in Vietnam, provide solutions for training and developing human resources according to the characteristics of quality human resources in terms of knowledge, skills and attitudes. In addition, the author also clearly analyzes human resource development policies for small and medium enterprises in Hanoi city in Vietnam to create quality human resources for the locality through legal tools, support management (Thuy, 2013) [12].

These research results have contributed to clarifying the theoretical and practical basis of research on human resource development in the country, helping state managers and businesses get reliable information. To serve the policy decision-making process. However, these studies still have certain limitations when it comes to human resource development that is not associated with specific types of organizations, especially small and medium-sized enterprises; At the same time, it has not been researched for a specific locality. This limitation has left a gap in research for future research projects related to the issue of human resource development for small and medium enterprises in a specific locality.

#### 4. Research Results and Discussion

##### 4.1 Current Status of Human Resources at Small and Medium Enterprises in Thanh Hoa Province in Vietnam in the Period of 2020-2022

###### 4.1.1 The Situation of Human Resources Operating in Small and Medium Enterprises

**Table 1:** Active human resources in small and medium enterprises by economic sector in the period 2020-2022

Targets	2020		2021		2022		So sánh (%)	
	Số lượng (nghìn người)	Tỷ lệ (%)	Số lượng (nghìn người)	Tỷ lệ (%)	Số lượng (nghìn người)	Tỷ lệ (%)	2021/2020	2022/2021
Industry and construction	975	37,4	1.234	39,7	1.431	39,2	2,3	-0,5
Agriculture, Forestry and fishery	792	30,4	743	23,9	734	20,1	-6,5	-3,8
Trade in Services	839	32,2	1.131	36,4	1.468	40,2	4,2	3,8
Total	2.606	100	3.109	100	3.653	100	0	0

Source: Thanh Hoa Statistical Yearbook in Vietnam, 2020, 2021, 2022

Table 1 shows that: The number of workers working in small and medium enterprises is concentrated mainly in the trade and service industry. In 2020, there were 839 workers working in the trade and service industry (accounting for 32.2%); By 2022, it will increase to 1,468 employees (accounting for 40.2%); and this rate increased over the years by 4.2% and 3.8% respectively compared to the previous year. The second industry with a large concentration of workers in small and medium enterprises is the construction industry, specifically in 2020 there will be 975 workers (accounting for 37.4%) and by 2022 it will increase to 1,431 workers (accounting for 39.2%) but the proportion of labor in this sector tends to decrease. The industry that accounts for the least number of employees in small and medium enterprises is agriculture, forestry and fishery because production and business in this field has high risks, low efficiency and average income. is low, so the labor trend in this industry has decreased over the years. Specifically, in 2020 there were 792 workers (accounting for 30.4%) and by 2022, there will be a sharp decrease to 734 workers (accounting for 20.1%) and the proportion will

decrease. 6.5% and 3.8% respectively compared to five years ago.

Commenting on the labor structure by economic sector, it can be seen that labor in small and medium enterprises in the two sectors of agriculture, forestry, fisheries and construction industry tends to decrease; On the contrary, the number of employees in small and medium enterprises in the trade and service sector tends to increase over the years. Workers mainly work in small and medium commercial and service enterprises because the business cycle is short, capital invested in short-term assets is mainly low risk, and businesses are flexible. Highly dynamic and able to adapt to the market, the number of small and medium enterprises operating in the field of trade and services is increasing, and the income of workers in this industry is higher than in other countries. Other industries should attract a large number of workers.

###### 4.1.2 Labor Structure by Age in Small and Medium Enterprises

**Table 2:** Labor structure by age in small and medium enterprises in the period 2020-2022

Age group	Direct labor			Indirect labor		
	Frequency (slip)	Ratio (%)	Male (%)	Frequency (slip)	Ratio (%)	Male (%)
<b>Total</b>	120	100	-	60	100	-
<b>Under 20</b>	2	1,7	100,0	0	0,0	0,0
<b>20 until 30</b>	97	80,8	70,1	6	10,0	83,3
<b>31 until 45</b>	29	15,8	68,4	35	58,3	54,5
<b>46 until 60</b>	2	1,7	50,0	19	31,7	89,5

Source: Research team survey data, February 2023

The ages of workers (direct workers) and managers (indirect workers) are shown in table 2. We can see that the average age of workers is about 20-30 years old, in which Male workers account for 70.1%, the age group of managers (indirect workers) in small and medium enterprises in Thanh Hoa in Vietnam is from about 31-45 years old accounting for 58.3% and mainly male workers (accounting for 54.5%), this is an advantage for small and medium enterprises.

**4.1.3 Educational Level of Human Resources in Small and Medium Enterprises**

**Table 3:** Educational level of human resources in small and medium enterprises in the period 2020-2022

Targets	Direct labor		Indirect labor	
	Frequency (slip)	Ratio (%)	Frequency (slip)	Ratio (%)
<b>Postgraduate</b>	0	0	4	6,7
<b>University</b>	10	8,3	40	66,7
<b>College</b>	23	19,2	6	10,0
<b>Technical intermediate</b>	37	30,8	4	6,7
<b>Other</b>	50	41,7	6	10,0
<b>Total</b>	120	100	60	100

Source: Research team survey data, February 2023

The educational level of managers (indirect workers) at small and medium enterprises is relatively high, postgraduate level accounts for 6.7%, university level 66.7% and college level 10%. This is a positive and very important factor for the unit's production and business activities, especially in recruiting and using labor. Besides, there is still a large number of managers with low education levels, specifically technical intermediate level and other qualifications accounting for 6.7% and 10% respectively.

**4.1.4 Enterprise Remuneration Regime**

The average salary of workers in small and medium enterprises ranges from 5-10 million VND, followed by 3-5 million VND, and below 3 million VND is completely absent.

**Table 4:** Average income of direct workers in small and medium enterprises in the period 2020-2022

Targets	Frequency (slip)	Ratio (%)
	120	100
<b>Under 3 million VND</b>	0	0,0
<b>From 3 to 5 million VND</b>	15	12,5
<b>From 5 to 10 million VND</b>	95	79,2
<b>From 10 to 15 million VND</b>	9	7,5
<b>Over 15 million VND</b>	1	0,8

Source: Research team survey data, February 2023

**4.2 Factors Affecting Human Resources in Small and Medium Enterprises in Thanh Hoa in Vietnam**

**4.2.1 Recruitment Sources**

**Table 5:** Personnel recruitment sources of small and medium enterprises

Recruitment source	Ratio (%)
<b>Internal candidate source</b>	13,3
<b>External candidate sources</b>	
- Former employee of the business	5,0
- Candidates due to advertising	30,0
- Friends of employees	16,7
- Source of candidates from schools	23,3
- Other sources	11,7
<b>Total</b>	100

Source: Research team survey data, February 2023

According to the survey results on indirect workers (managers) in Table 5, it shows that: The source of candidates from outside the enterprise accounts for a larger proportion than the source of candidates within the enterprise (accounting for 86.7 %). In particular, the source of candidates from advertising accounts for the highest rate of 30% and the lowest rate is the source of former employees of the business with a rate of 5%. With this form of recruitment, businesses will lose part of their production and business costs. Besides, many businesses are also interested in recruitment sources from schools, this source currently accounts for 23.3%, this helps businesses find candidates quickly, easily and with high quality.

**4.2.2 Training and Retraining Regime**

**Table 6:** Readiness for employees to participate in training programs of small and medium enterprises

Reply number	Ratio (%)	Average/labor training course
<b>Yes</b>	51,7	2,1
<b>No</b>	48,3	
<b>Total</b>	100	

Source: Research team survey data, February 2023

Survey results on the level of readiness for employees to participate in training programs show that the average number of training courses per employee is 2.1 courses and up to 51.7% of managers' opinions are positive. that they are willing to let employees attend training classes. This shows that managers really want their employees to have the opportunity to improve their skills and learn from experience. From there, creating more efficiency in work and business results of the enterprise.

**4.2.3 Enterprise Working Environment**

**Table 7:** Rest level of direct workers in small and medium enterprises

Level of rest	Ratio (%)
<b>Never</b>	0,0
<b>Seldom</b>	8,9
<b>Sometimes</b>	42,8
<b>Occasionally</b>	44,4
<b>Often</b>	3,9
<b>Very often</b>	0,0
<b>Total</b>	100

Source: Research team survey data, February 2023

The results of the survey of workers on the level of rest during work are shown in table 7. We see that mainly workers get to rest and relieve stress occasionally, equivalent to 44.4%. Followed by sometimes with 42.8%; level never and very often does not happen.

## **5. Solutions for Developing Human Resources in Small and Medium Enterprises in Thanh Hoa Province in Vietnam**

### **5.1 Solution Group on Improving the Quality of Human Resources for Small and Medium Enterprises**

#### **5.1.1 Solutions to Improve the Quality of Recruitment Work**

Recruitment organization needs to be fully carried out through each step (based on interview forms for managers in small and medium enterprises):

1. Identify recruitment needs;
2. Search and attract candidates;
3. Receive and screen candidate profiles;
4. Preliminary interview;
5. Take tests/quizzes;
6. Professional interview;
7. Evaluation and recruitment decision;
8. Accepting new employees;
9. Sign a probationary labor contract;
10. Evaluate probation results;
11. Sign an official labor contract.

Enterprises should establish an equitable and transparent recruitment process. When planning and implementing recruitment, the following factors should be considered:

1. Source of candidates from schools;
2. Advertised candidates;
3. Friends of employees in the business;
4. Former employees of the enterprise.

#### **5.1.2 Develop Training Strategy**

- Training needs to clearly define specific goals to create a team of workers and officers with professional qualifications, working skills, capacity and qualities to meet the requirements. work, constantly developing, perfecting and improving in all aspects to be ready to meet all requirements in each stage of business development.
- Develop a reasonable training plan. Carry out training step by step, train the right people for the right job; All employees, regardless of their position, must undergo professional training; Plan appropriate training forms according to job characteristics and nature.
- Coordinate with training facilities to develop lists of occupations that need training and training programs to suit the reality and needs of businesses; Build and improve training programs, apply advanced training technologies.

#### **5.1.3 Improve Awareness and Management Skills**

Level managers need to grasp the requirements of management work; need to do and how to do it to have direction to do the job well. Motivating work, attracting, encouraging, and retaining employees/talent, this is an important task of management. Managers need to take measures to motivate employees to work enthusiastically, monitor their employees, understand what they need to propose measures to attract and retain talent for the business, The manager himself is the one who directly

works with his subordinates, understands his personnel the best and from there has the best personnel management measures.

#### **5.1.4 For Workers**

Employees must constantly study to improve their qualifications and cultivate a solid source of specialized knowledge because specialized knowledge is a factor that directly affects and impacts the employer's decisions. That is the foundation to improve working skills and understanding necessary for a highly effective labor process.

### **5.2 Solution Group to Maintain Human Resources for Small and Medium Enterprises**

#### **5.2.1 Improve Employee Incentive and Motivation Regimes**

Salary: to promote the effectiveness of human resources, businesses need to have appropriate salary policies: must ensure harmony between the interests of businesses and employees; fairness and transparency; At the same time, use the forms of payment that best suit the urgent needs and prioritize satisfaction of each type of employee. Bonus: the bonus level must be commensurate with the effort spent to complete the job and the economic efficiency brought to the business. Enterprises need to establish reward criteria accurately and promptly to promote the spirit of each employee, create a healthy emulation movement, and bring practical results to the enterprise.

#### **5.2.2 Build a Friendly and Effective Working Environment**

To build a good working environment, businesses should: Ensure conditions for facilities such as office rooms and other stationery to serve the performance of professional tasks. Apply flexible working hours for each different department, allowing employees to start work at different times but ensuring results meet the business's requirements.

It is necessary to pay attention to training and fostering to improve the quality of managers and workers. There needs to be a specific plan to train and foster human resources in terms of expertise, knowledge and skills. Regularly pay attention to human resources to create conditions for time, space, and residence of workers.

Creating an effective working environment ensures factors such as: people cooperate, unite, and be friendly with each other; have feedback during work; Leaders are gentle and polite with employees; Unit leaders must constantly pay attention and create a sense of collective work for everyone, to care for each other and help each other in life and work. Create an environment in which employees are free to give feedback, with fairness among employees to build a united team, thereby detecting limitations and conflicts within the unit for timely resolution, regularly let everyone stick together and strive together.

## **6. Conclusion**

Research results show that in recent years, small and medium enterprises in Thanh Hoa province in Vietnam have been actively contributing to the local economic growth. has just contributed over 50% of total budget revenue in the province; Small and medium enterprises are the main places to create jobs, exploit local resources well and mobilize domestic capital; The young labor force from 20-30 years old accounts for a high proportion (80.8%) and is mainly male workers (accounting for 67.8%), workers in the

agriculture, forestry and fishery industry are gradually shifting to industry construction and commercial services. Although the qualifications and skills of direct workers are still low, the majority are untrained, accounting for 41.7%; The quality of human resources is not high, most of them have not undergone professional training, lack work experience, especially the ability to apply practice: the majority of leaders and managers have not been fully trained in business skills. Economics and management, leading to a level of lack of required standards, the quality of their work is still low and rural workers still account for a large proportion of 51.4%, this is a big challenge in developing human resources. Human resources for small and medium-sized enterprises in the province. Factors outside the business such as people, labor market, scientific and technical level and factors inside the business such as employee income, remuneration, environment and working conditions, forms of training or policies to attract human resources of enterprises have a direct impact on labor productivity; production and business efficiency; the scale and quality of human resources of an enterprise. Therefore, developing and improving the quality of human resources is one of the key tasks of every business.

To solve this problem, there must be long-term investment and smooth coordination to gradually remove difficulties from improving the quality of human resources through the recruitment process and building training strategies. Create a reasonable, effective, creative working environment, improve working conditions and promotion opportunities for employees to maintain human resources for the enterprise; Along with that, each employee also needs to have a spirit of self-discipline and self-study to improve their own abilities both physically and mentally to develop human resources effectively while ensuring their development, business development.

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