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Enterprise Structure by Type of Enterprise Affects Socio-Economic Development in Vietnam

¹ Hoàng Thị Thu Trang, ² Đỗ Thị Lệ, ³ Đinh Thị Chiên
^{1, 2, 3} University of Labour and Social Affairs, Hanoi, Vietnam

Corresponding Author: **Hoàng Thị Thu Trang**

Abstract

Enterprises are factors that ensure the implementation of the goals of industrialization, modernization, improving economic efficiency, maintaining stability, and creating strengths in the competitiveness of the economy during the integration process. The role of businesses determines sustainable economic development and healthy social issues. This study was conducted to analyze the impact of enterprise structure by type of enterprise on socio-economic development in Vietnam. Research results show that

enterprise structure by type of enterprise affects socio-economic development through: Scale of labor working at enterprises, income of employees, contributions of businesses for the state budget in the period 2019 to 2021. Research results are the basis for proposing recommendations that contribute to further strengthening the role of businesses in socio-economic development in Vietnam.

Keywords: Enterprise Structure, Enterprise, Economic Development, Vietnam

1. Introduction

Enterprises play an important role in the socio-economic development of a country. Good business and production performance results will create many jobs for workers and promote innovation. Create within the business itself, contribute to the state budget, etc. In fact, businesses in Vietnam have demonstrated their role in promoting the country's socio-economic development. Specifically, by the end of 2021, the total number of businesses operating in Vietnam is 718,697 businesses, the net revenue of businesses in 2021 will reach about 30,407.4 trillion VND, the average monthly income of workers will reach about 10.2 million VND. This shows the significant contributions of businesses not only to their own activities but also to the community, contributing to promoting local and national economic development in a sustainable direction (Yearbook. Vietnam Statistics, 2022).

However, besides those achieved results, there are still businesses that face difficulties due to not being able to meet competitive requirements in the context of Vietnam's current deep economic integration, which has led to them stopping operations. The cause of those phenomena is due to weak management ability of the enterprise, product quality does not meet market requirements, and the results of production and business activities of the enterprise therefore do not meet the requirements of the market. Enough to maintain the business. When businesses stop operating, it also causes many difficulties for workers working at these businesses, and socio-economic problems arise.

For such reasons, developing businesses in a sustainable manner is increasingly becoming an inevitable requirement, thereby contributing to the country's socio-economic development. This study was conducted to analyze the current state of development of businesses in Vietnam, the contributions of businesses to the country's socio-economic development, and thereby analyze the achievements and achievements. Limitations and propose recommendations that contribute to further enhancing the role of businesses in Vietnam's socio-economic development.

2. Research Overview

Authors Nguyen Quoc Nghi & Mai Van Nam (2011) ^[5] in their research analyzed the factors affecting the efficiency of production and business activities of small and medium-sized enterprises in Can Tho City, researching using Using primary data collected from a survey of 389 small and medium-sized enterprises operating in Can Tho City, descriptive statistical methods and multivariate linear regression analysis were used to analyze the data. materials for research. The authors' research results show that the factors include level of access to government support policies, education level of business owners, business size, social relationships of businesses, and Revenue growth rate affects the business performance of businesses. The

author's research results are the basis for proposing solutions that contribute to the development of businesses in Can Tho City.

Phan Van Dan (2012) ^[1] built a model of sustainable business development from components with interactive relationships such as sustainable economy, sustainable environment, sustainable society. The study uses confirmatory factor analysis (CFA) method, analyzing linear structural models with a survey sample of 220 businesses operating in Bac Lieu province. The test results show the suitability of the theoretical model with market information compared to the competitive model. Sustainable economy impacts in the same direction and sustainable environment and sustainable environment impacts in the same direction on sustainable society. The author's research results emphasize the ability to develop businesses continuously and long-term, without causing harmful consequences that are difficult to recover in different areas of the socio-economy.

Le Nguyen Doan Khoi (2014) ^[2] focused on the issue of developing social enterprises through universities. Research results indicate that training programs and teaching skills are core factors. The training program makes a significant contribution by introducing students to unique business models aimed at developing social enterprises. The author suggests that course development should include skills in writing a social business plan for a social enterprise, consulting on income generation strategies for a social organization, and writing a research proposal Apply for project funding on social enterprise development.

Ly Phuong Thuy & colleagues (2019) ^[6] researched to estimate and identify factors affecting the performance of businesses in Vietnam. The authors used panel data of 1,561 enterprises in the following industries: agriculture, forestry, and fisheries; manufacturing and processing industry; build; finance, banking and insurance, extracted from the Vietnam Enterprise Survey conducted by the General Statistics Office for the period 2010 to 2014 including 4,683 observations. The Cobb-Douglas stochastic frontier production function is used to estimate operating efficiency with net sales as the output variable and capital, labor, and costs as the inputs. Research results show that the average operating efficiency level of businesses is relatively high at 86.76%. However, there is a huge difference in efficiency between businesses. This result shows the potential to improve businesses' revenue. Factors affecting operating efficiency include: capital structure, business size, business type, growth rate and tangible assets.

Le Phuoc Huong & Luu Tien Thuan (2017) ^[4] pointed out that corporate social responsibility (CSR) is a concept that receives a lot of attention. Theoretical and empirical studies have addressed this topic since the 1950s. Considering the increasing importance of CSR, scholars as well as managers need to focus on researching aspects of CSR. The study has summarized previous studies related to CSR topics, specifically discussing data sources, theoretical frameworks, evaluating research results, measuring CSR according to stakeholders and topics. Suggest future research directions. A brief review shows that many theories are used in CSR research, but stakeholder theory and Carroll's theory are the most commonly used. In the country, CSR has received a lot of attention to improve the overall institutions, but has not gone deep into each industry. While foreign research analyzes each aspect of customers, employees and brands to

come up with reasonable business strategies for each industry. The proposed research focuses on small and medium-sized enterprises, adding intermediate variables, as well as focusing on customers to maximize benefits from CSR activities.

Chau Thi Le Duyen and colleagues (2014) ^[3] used the linear structural model (SEM) analysis method to test the relationship between implementing social responsibility, business benefits and financial performance of companies, businesses in Can Tho city. The research results have determined that the scale of social responsibility implementation includes three components: organizational quality (responsive to customers and employees), social relations (responsive to suppliers and the social community, association) and environmental protection with 14 attributes. The business benefits scale includes two components: engagement with the organization and attraction of resources with 9 attributes. Research results also show that increasing the implementation of social responsibility has a strong and positive impact on the increase in business benefits, and at the same time, an increase in business benefits has a strong and positive impact on financial performance. Main of the business. The study contributes a theoretical model on the relationship between social responsibility, business benefits and financial performance for future research.

Thus, the studies have mentioned the factors affecting the production and business activities of enterprises, building models of sustainable development of enterprises and the social responsibility of enterprises affecting development, socio-economic development but there has been no research on the structure of business types affecting socio-economic development in Vietnam. This is a "gap" in content for the author group to research this content.

3. Research Methods

Data for the article: Data for the research are collected from published documents, specifically the Vietnam statistical yearbook 2022 related to enterprise structure by year of enterprise type. 2019 to 2021.

Data analysis: With the collected data, the research team used descriptive statistical methods, comparative methods, proportional methods and deductive methods to analyze production results. Business activities of enterprises from 2019 to 2021 affect Vietnam's socio-economic development.

4. KẾT QUẢ NGHIÊN CỨU

In the period 2019 to 2021, the scale of enterprises operating in production and business by type of enterprise in Vietnam tends to increase, specifically as follows:

Table 1: Enterprise size by type of enterprise in Vietnam period 2019 to 2021

<i>Unit: Enterprise</i>			
Year	2019	2020	2021
Total	668.503	684.260	718.697
1. State-owned enterprises	2.109	1.963	1.906
1.1. 100% state capital	1.014	918	877
1.2. Over 50% state capital	1.095	1.045	1.029
2. Outside the State	647.632	660.055	694.181
2.1. Private company	40.286	32.678	30.425
2.2. Partnerships	892	1.172	1.242
2.2. Limited liability company	475.942	488.973	523.406
2.3. Joint stock company	130.512	137.232	139.008

3. Enterprises with foreign investment capital	18.762	22.242	22.610
3.1. Enterprise with 100% foreign investment capital	16.081	19.226	19.723
3.2. Venture business	2.681	3.016	2.887

Source: Statistical Yearbook of Vietnam, 2022

From Table 1, it shows that businesses operating in Vietnam by the end of 2021 are mainly non-state enterprises. In 2019, 647,632 non-state enterprises accounted for about 96.88% of the total number of enterprises. Operating in Vietnam, this number tends to increase and reach 694,181 businesses in 2021 in absolute terms, however the proportion of businesses tends to decrease, accounting for about 96.58% of the total number of businesses. Vietnam's industry. Non-state enterprises operating in Vietnam are mainly groups of limited liability companies, these companies account for about 72.83% of the total number of enterprises in Vietnam in 2021.

Regarding foreign-invested enterprises, these enterprises include joint venture enterprises and 100% foreign-invested enterprises. With these two types, 100% foreign-invested enterprises account for a relatively large proportion, and tend to increase during the research period. In 2019, 100% foreign-invested enterprises accounted for about 2.4% of the total number of operating enterprises nationwide (out of a total of 2.8% of foreign-invested enterprises) and the number This trend tends to increase when in 2021 it reaches 2.74% of the total number of operating enterprises nationwide (accounting for 3.2% of foreign-invested enterprises).

State-owned enterprises account for a relatively small proportion of the total number of enterprises. The number of enterprises in 2021 is 1,906 enterprises, of which 877 enterprises have 100% state capital and 1,029 enterprises have over 50% state capital. State-owned enterprises tend to decrease over the years. This is due to the ineffective operation of this type of business.

The number of employees working at enterprises tends to increase from 2019 to 2021:

Table 2: Scale of labor working at the above enterprises in Vietnam period 2019 to 2021

<i>Unit: Thousand people</i>			
Year	2019	2020	2021
Total	15.151,6	14.702,5	14.799,6
1. State-owned enterprises	1.107,6	1.005,4	978,2
1.1. 100% state capital	661,4	579,6	549,5
1.2. Over 50% state capital	446,2	425,8	428,7
2. Outside the State	9.075,3	8.607,0	8.604,4
2.1. Private company	301,8	191,3	168,6
2.2. Partnerships	6,8	8,8	9,9
2.2. Limited liability company	4.992,1	4731,1	4.785,7
2.3. Joint stock company	3.504,6	3.675,8	3.640,2
3. Enterprises with foreign investment capital	4.968,7	5.090,1	5.217,1
3.1. Enterprise with 100% foreign investment capital	4.579,1	4.725,7	4.830,3
3.2. Venture business	389,6	364,4	386,8

Source: Statistical Yearbook of Vietnam, 2022

In 2019, the total number of workers working at enterprises across the country was 15,151.6 thousand workers, this number decreased to 14,799.6 thousand workers in 2021. This is due to the impact of the epidemic. The number of

unemployed workers increased and the number of employed workers decreased, and the scale of the workforce showed the extremely important position of businesses in creating jobs for workers.

Among the enterprises that have a position and role in attracting the workforce, non-state enterprises have created jobs for about 58.14% of the total number of workers working in these enterprises. Karma. For the non-state sector, the number of employees working mainly for limited liability companies accounts for about 32.34% of the total number of employees working at enterprises across the country. Next are foreign-invested enterprises, accounting for about 35.25% of the total number of employees working at enterprises across the country.

Thus, non-state enterprises and foreign-invested enterprises are increasingly growing, creating a lot of jobs for workers. Although the number of foreign-invested enterprises is much smaller than non-state-owned enterprises (the number of non-state-owned enterprises is 32 times greater than the number of foreign-invested enterprises), non-state-owned enterprises only attracts 1.5 times more workers than foreign-invested enterprises. This type of business has great potential for socio-economic development of the country.

Table 3: Net production and business revenue of enterprises by type of enterprise in Vietnam from 2019 to 2021

<i>Unit: Trillion VND</i>			
Year	2019	2020	2021
Total	26.327,1	27.375,0	30.407,4
1. State-owned enterprises	3.582,5	3.438,3	3.379,3
1.1. 100% state capital	2.232,4	2.194,1	2.015,0
1.2. Over 50% state capital	1.350,1	1.244,2	1.364,3
2. Outside the State	15.127,5	15.782,3	15.577,9
2.1. Private company	380,8	223,6	208,8
2.2. Partnerships	2,4	3,5	2,5
2.2. Limited liability company	7.957,4	8.166,6	9.250,8
2.3. Joint stock company	6.786,9	7.488,6	8.115,7
3. Enterprises with foreign investment capital	7.617,1	8.154,3	9.450,1
3.1. Enterprise with 100% foreign investment capital	6.465,8	7.095,2	8.097,9
3.2. Venture business	1.151,3	1.059,1	1.352,2

Source: Statistical Yearbook of Vietnam, 2022

Net revenue for production and business activities of enterprises tends to increase in the period from 2019 to 2021. In 2019, net revenue reached 26,327.1 trillion VND, this number increased to 30,407.4 trillion VND in 2021.

For state-owned enterprises, net revenue tends to decrease during the research period. In 2019, net revenue for state-owned enterprises was about 3,582.5 trillion VND then decreased to 3,379.3 trillion VND in 2021.

For non-state enterprises and foreign enterprises, net revenue tends to increase during the research period. In 2019, net revenue for non-state enterprises reached 15,127.5 trillion VND, a figure. This number increases to 15,577.9 trillion VND in 2021. For the group of foreign businesses, the increase in net revenue is stronger, in 2019 net revenue reached 7,617.1 trillion VND, this number increases. 9,450.1 trillion VND in 2021.

Among the total net revenue of enterprises operating across the country, net revenue contributed from the group of non-state enterprises accounts for a large proportion, accounting for over 50% of total net revenue of enterprises at a rapid

rate. The growth rate in 2021 compared to 2019 is 2.98%, while foreign-invested enterprises have net revenue accounting for more than 30% of total net revenue but the net revenue growth rate of 24.1% is high much better than non-state enterprises. This shows the efficiency of production and business activities of foreign-invested enterprises.

Table 4: Total income of employees in different types of businesses in Vietnam period 2019 to 2021

Unit: Billion VND

Year	2019	2020	2021
Total	1.664.040	1.656.668	1.806.425
1. State-owned enterprises	189.463	186.146	186.155
1.1. 100% state capital	110.232	108.703	104.932
1.2. Over 50% state capital	79.231	77.443	81.222
2. Outside the State	888.300	835.745	922.462
2.1. Private company	21.137	11.903	11.978
2.2. Partnerships	702	881	1.161
2.2. Limited liability company	449.745	390.468	448.730
2.3. Joint stock company	416.716	432.492	450.593
3. Enterprises with foreign investment capital	586.277	634.778	697.809
3.1. Enterprise with 100% foreign investment capital	524.866	577.193	630.281
3.2. Venture business	61.411	57.585	67.528

Source: Statistical Yearbook of Vietnam, 2022

The total income of workers in businesses tends to increase, in 2019 the total income of workers is about 1,664,040 billion VND, this number increases to 1,806,425 billion VND in 2021.

The average income per capita of employees of enterprises also tends to increase during the research period, the average monthly income of employees in 2019 is 11 million VND, this number increased to 12.2 million VND. Dong in 2021. Workers working at enterprises with the highest income are workers working at foreign-invested enterprises. In 2021, the average monthly income of workers in this group is 13.4 million VND/month, this number is higher than the average monthly income of businesses across the country. Enterprises have made great contributions not only creating more jobs for local workers but also contributing greatly to the state budget through fees and charges payable.

Table 5: Taxes and state budget payments of enterprises by type of enterprise in the period from 2019 to 2021

Unit: billion VND

Year	2019	2020	2021
Total	100.578	101.825	110.063
1. State-owned enterprises	4.649	2.859	3.167
1.1. 100% state capital	4.423	2.673	2.940
1.2. Over 50% state capital	227	186	227
2. Outside the State	20.396	26.114	28.212
2.1. Private company	316	559	608
2.2. Partnerships	275	470	510
2.2. Limited liability company	12.328	13.843	14.952
2.3. Joint stock company	7.476	11.243	12.141
3. Enterprises with foreign investment capital	75.533	72.851	78.683
3.1. Enterprise with 100% foreign investment capital	72.220	71.571	77.347
3.2. Venture business	3.313	1.280	1.336

Source: Statistical Yearbook of Vietnam, 2022

In 2019, businesses paid 100,578 billion VND to the state budget, this number increased to 110,063 billion VND in 2021. The payment to the state budget has a large contribution from non-state enterprises and enterprises with investment capital. Foreign investment, specifically as follows:

The contribution to the state budget of foreign-invested enterprises in 2019 reached 75,533 billion VND, this number increased to 78,683 billion VND in 2021. Of which, 100% foreign-invested enterprises accounted for more than 90% contributions to the state budget for this group of businesses.

5. Recommendations

Research results show that businesses play an important role in the country's socio-economic development. To further enhance the role of businesses in socio-economic development, some recommendations proposed by the research team are as follows:

The first, the Government needs to take measures to support businesses related to administrative procedures, promptly disseminate state and provincial regulations, and help businesses reduce procedural and operational difficulties. Effective.

The second, local authorities need to take measures to support vocational training for local workers. In fact, many businesses operating in localities currently have difficulty recruiting skilled workers meet job requirements.

The third, for businesses: Actively carry out corporate social responsibilities to the locality and the country, contributing positively to the state budget as well as ensuring jobs for workers.

The fourth, businesses actively contact and coordinate with localities to expand channels to reach customers and expand markets for products, thereby improving the efficiency of production and business activities of the business.

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