

Current policy to support and develop small and medium-sized enterprises in Ho Chi Minh City (Vietnam)

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Abstract: During more than 35 years of renovation, Vietnam has always been steadfast and consistent in its development of a socialist-oriented market economy with many forms of ownership, different economic sectors, forms of business organization and distribution form. Implementing the viewpoints and guidelines of the Communist Party of Vietnam, the Government of Vietnam has adopted many policies for the synchronous development of all economic sectors, creating favorable conditions for all economic sectors to operate equally before the law, long-term mutual development, cooperation and fair competition. At the 23rd session of the People's Council of Ho Chi Minh City, term IX, group discussions and discussions in the hall were held on the socio-economic situation in 2020 and tasks and solutions in 2021. Delegates of the People's Council of Ho Chi Minh City basically agreed with the Report on the socio-cultural development situation in 2020 and the tasks and solutions for 2021 of the People's Committee of the city. Ho Chi Minh City, in which, identifies the theme "The year of building urban government and improving the investment environment" (People's Committee 2021).

Keywords: Development policy, small and medium enterprises, Ho Chi Minh City, solutions, development.

I. MAKE A PROBLEM

In order to develop the private economy in the new situation, at the Fifth Conference, the 12th Party Central Committee issued Resolution No. 10-NQ/TW dated June 3, 2017 "on economic development private sector has become an important driving force of a socialist-oriented market economy". After nearly two years of implementing the Resolution, the private sector has developed rapidly and plays an increasingly important role in the economy, especially in contributing to economic growth, trade and investment. The private economy contributes to increasing the state budget, creating jobs, and improving social security.

Small and medium enterprises are an important part of the private sector and account for a large proportion of the business community in Vietnam. Currently, the whole country has about 541,753 small and medium-sized enterprises operating in the economy, with a total registered capital of about 130 billion USD, accounting for about one third of the total registered capital of enterprises (Ministry of Planning and Investment 2019, p.26). Every year, small and medium-sized enterprises contribute about 40% of GDP, pay 30% to the state budget, contribute 33% of industrial output value,

30% of export value and attract nearly 60% of employees. Although the number of small and medium-sized enterprises is large, the size of small and micro enterprises accounts for a very large proportion, the number of medium-sized enterprises only accounts for 1.6% of the total number of small and medium-sized enterprises. Because of its small size, the operation of this business sector is facing many difficulties, such as the ability to access capital sources to invest in modern machinery and technology to serve production and business; lack of experience in business administration; ability to compete, dominate the market right in the domestic market. In the coming time, it is necessary to have effective solutions so that this business sector, although very dynamic, but also vulnerable, has a rapid and sustainable development in the new context.

II. CONTENTS

2.1. Breakthrough policies to support businesses of the Government and Ho Chi Minh City

The Law on Supporting Small and Medium Enterprises, passed by the National Assembly of Vietnam in 2017 (Law No. 04/2017/QH14) is an important milestone affirming the commitment of the Party and State of Vietnam to prioritize the development of small businesses and medium-sized enterprises, domestic private sector enterprises have become an important driving force for economic development. According to statistics, small and medium enterprises currently account for 97% of the total number of operating enterprises, contributing up to 45% of GDP, 31% of total budget revenue and attracting more than 5 million employees. The small and medium-sized enterprise sector is increasingly effective in mobilizing social resources for development investment and contributing to the state budget, promoting national economic development, creating dynamism and competition for the economy. With the above contributing role, in 2020, the number of newly established enterprises (including small and medium-sized enterprises) registered for establishment will decrease, the number of enterprises dissolved and ceased business will increase compared to the same period in 2019, significant impact on the socio-economic development of the country. In the first 4 months of 2021, there were many positive signs with nearly 19.3 thousand businesses returning to operation, showing that

businesses' ability to flexibly respond to the epidemic situation has improved markedly. , are positive signals about business development prospects in the coming time.

The introduction of the Law on Supporting Small and Medium-sized Enterprises 2017 has established the highest legal framework to ensure the effectiveness and efficiency of support activities for small and medium-sized enterprises, contributing to the formation of the small and medium-sized enterprise sector, medium-sized, dynamic, creative, healthy, efficient and sustainable private enterprises have really become an important driving force of the socialist-oriented market economy, contributing to economic development - a fast and sustainable society, constantly improving people's living standards, realizing social progress and justice, ensuring national defense and security, soon turning Vietnam into an industrialized country in the direction of modernity. After 3 years from the effective date of the Law on Supporting Small and Medium Enterprises (from January 1, 2018), the Government and ministries and branches have made drastic instructions, promulgating 5 Decrees, 13 Circulars guidelines and many other guiding documents to implement the contents in accordance with the provisions of the Law.

The Law on Support for Small and Medium Enterprises is divided into two groups of support contents, including: a group of general support policies and a group of key support policies (supporting small and medium-sized enterprises to transform from household businesses, start a business, start a business and start a business), create and join industry clusters and value chains). Contents of the group of general support policies under the Law on Supporting Small and Medium Enterprises include: support for credit access; credit guarantee for small and medium enterprises; tax and accounting support; production site support; technology support; support incubators, technical facilities, and common working areas; support market expansion; information support, advice, legal; support human resource development. To comply with the provisions of the Law, currently, a number of localities have issued schemes, programs and plans to support information, advice and legal aid; technology support, incubators, technical facilities, co-working areas; production site support; have credit guarantee activities for small and medium enterprises; supporting market expansion; For the key support content under the Law on Support for Small and Medium-sized Enterprises, many localities have issued Schemes, Programs, and Plans to support small and medium-sized enterprises. supporting small and medium-sized enterprises to start and innovate (with 41 localities, accounting for 71%); Some localities have issued support for small and medium-sized enterprises to transform from household businesses and support small and medium-sized enterprises to join industry clusters, value chains,

Although the goal of having 1,000,000 enterprises operating nationwide by 2020 set out in Resolution 35 by the Government has not yet been achieved, experts believe that

the implementation of a series of solutions to support business development in the current time has not been achieved. In the past time, it has created a favorable business environment, brought about a wave of startups and promoted innovation.

In a recent report to the Government, the Ministry of Planning and Investment said that in the period 2016 - 2019, the average growth rate of the number of enterprises nationwide reached 10.5%/year, twice as much as in the period 2011 - 2015. By the end of 2020, the whole country has about 810,000 enterprises in operation. The localities with the fastest increase in the number of enterprises in the country are An Giang (up 55%), Kien Giang (up 80%), Bac Lieu (up 105%), Ho Chi Minh City (up 53%). ... Explaining the failure to achieve the target of 1 million businesses by 2020, the Ministry of Planning and Investment said, from 2016 setting a target of 1 million businesses operating by 2020 is a challenge because by 2015. There are only about 442,400 enterprises operating in the whole country. If adding up the number of newly established enterprises in the past 5 years, by the end of 2020 there will be more than 1 million enterprises (Report of the Ministry of Planning and Investment in 2020).

However, the number of businesses closing and withdrawing from the market increased sharply, so they did not reach the target of 1 million enterprises operating as set out by the Government in Resolution 35. Especially, from the beginning of 2020 until now, the COVID-19 pandemic broke out, the number of businesses dissolved and closed continuously increased sharply. In the first 10 months of 2020, there were about 111,200 newly registered enterprises, but there were also 85,600 enterprises temporarily suspending business, stopping operation, waiting for dissolution, and going through bankruptcy procedures.

Data from the Ministry of Planning and Investment also shows that by 2020 on the stock market, there will be 13 private enterprises with capitalization of over USD 1,000,000,000. The growth rate of medium and large enterprises in the past 5 years has reached about 4-5%, these enterprises are creating many jobs and making great contributions to the budget. Data from the State Securities Commission shows that by 2020, about 30 securities codes with market capitalization of over 1,000,000 USD, of which 13 are private enterprises. In order to develop medium- and large-scale enterprises and play a leading role in the economy, the Government will issue breakthrough policies in the coming time to support business development in the direction of creating branded products, affirming the brand name of Vietnamese goods in the international market.

According to the Department of Planning and Investment of Ho Chi Minh City - in the first 5 months of 2021, there were 6,461 enterprises operating again, an increase of 89.69% over the same period in 2020. Total state budget revenue 174,608,470 billion VND, reaching nearly 48% of the estimate, up 22.8% over the same period (Ho Chi Minh City Department of Planning and Investment 2021).

However, in the past time, businesses have also faced many difficulties, of which 2,458 enterprises were dissolved, up 5%, and 9,849 enterprises were temporarily suspended, an increase of nearly 24% compared to the same period in 2020. To continue to support To support people and businesses, the City plans to propose to the Government to adjust the support level from the state budget when businesses carry out domestic trade promotion programs; directing ministries and sectors to research and propose to implement a series of key support solutions.

In terms of finance, Ho Chi Minh City will propose to consider reducing value-added tax from 10% to 5% in 2021, considering extending the reduction of land rent for tourism businesses in 2021; consider continuing to extend the reduction of fees for appraisal of travel business license documents and tourist guide cards until the end of 2021. At the same time, coordinate with the State Bank to study and propose the Government to allow businesses Travel businesses are entitled to a reduction of 80% of the enterprise's deposit for 2 years. For the fields of labor, war invalids and social affairs, consider allowing the extension of the period of suspension of payment of retirement and survivorship insurance premiums, and delaying the deadline for paying trade union contributions. Increase the unemployment benefit from 60% to 80% of the average salary paid for insurance.

2.2. Renovating mechanisms and policies to support small and medium enterprises in Ho Chi Minh City

With the advantage of having many leading universities, convenient connections in logistics and infrastructure, abundant high-quality human resources, especially a team of research and development engineers, skilled workers, high quality suppliers... over the years, Ho Chi Minh City has always held the leading position in the country in attracting FDI. In order to promote investment attraction, in addition to the available advantages, the People's Committee of Ho Chi Minh City has issued and implemented many programs and policies with strong impact, supporting enterprises to invest in production development, policies to support the development of key industrial products of the City; continue to exploit, expand consumption markets, create output sources for production activities. In addition, Ho Chi Minh City focuses on improving the investment environment and actively invites foreign businesses to create strong development in the processing industry. This is the field that creates added value, creates competitiveness and improves the quality of the city's economic growth.

In recent years, the Government has continuously implemented solutions to improve the investment and business environment, complete the legal framework to innovate and create motivation for businesses to develop. In 2014, the National Assembly of Vietnam passed the Law on Investment and the Law on Enterprises (amended); Law on Technology Transfer and Law amending and supplementing a number of articles of the Law on Credit Institutions (2017);

Competition Law (2018) The implementation of a number of these important laws aims to create positive changes in the business investment environment. Along with that, the Land Law, Commercial Law, Bankruptcy Law, Intellectual Property Law, Corporate Income Tax Law and a series of promulgated legal documents have positively impacted businesses.

Every year, the Government has promptly issued resolutions to meet the requirements of practice set by small and medium-sized enterprises, such as Resolution No. 35/NQ-CP dated May 16, 2016 and Directive No. 26/CT-TTg dated June 6, 2017 on business support and development up to 2020; Resolution No. 75/NQ-CP dated August 9, 2017 on cutting fees and expenses for businesses; Resolution No. 98/NQ-CP dated October 3, 2017 on the Government's action plan to implement the Party's Resolution No. 10-NQ/TW dated June 3, 2017 on private economic development; Resolution No. 19/NQ-CP dated May 15, 2018 on improving the business environment, enhancing national competitiveness... The implementation of these resolutions has simplified and reduced business conditions, creating a favorable, equal and transparent business environment for all economic sectors, supporting the development of small and medium enterprises in Ho Chi Minh City. Many policies have been amended, supplemented and promulgated to expand the rights and obligations of private economic sectors related to land, creating a favorable environment for businesses and investors to develop. Creating conditions for enterprises to invest in expanding their investment, production and business scale.

In addition, the Government issued and directed the implementation of administrative reform, issued Decision No. 225/QĐ-TTg dated February 4, 2016 approving the State administrative reform plan for the 2016-2020. That has created a change and improved service quality. Government and authorities at all levels for people and businesses, remove all barriers, ensure freedom and equality in business activities of individuals and businesses.

In order to continue to improve the legal effect and promote the implementation of policies to support small and medium enterprises, at the 3rd Session of the XIV Session, the National Assembly passed the Law on Support for Small and Medium Enterprises (2017). . The Law took effect from January 1, 2018, with a series of basic support policies for small and medium-sized enterprises, such as: assistance in accessing credit, information, human resource development, and consulting, technology... has made an important step in completing policies to actively support small and medium enterprises in Ho Chi Minh City and other localities to develop stronger. The Government issued Decree No. 39/2019/ND-CP dated May 10, 2019 on the organization and operation of the Small and Medium Enterprise Development Fund. According to this Decree, the Small and Medium Enterprise Development Fund provides loans and supports capacity building for small and medium enterprises; receiving,

managing and using loans, grants, aid, contributions and entrustment; debt classification, risk provisioning and risk handling; financial management...

In order to strengthen policies to support the development of small and medium-sized enterprises in Ho Chi Minh City and localities and the start-up movement, the Government issued Decrees No. 34/ND-CP dated March 8, 2018 on the establishment, organization and operation of the Credit Guarantee Fund for small and medium enterprises; Decree No. 38/2018/ND-CP dated March 11, 2018 detailing investment for innovative small and medium-sized enterprises. Along with that is to concretize regulations and policies on supporting small and medium-sized enterprises, supporting creative startups in accordance with the provisions of the Law on Support for Small and Medium-sized Enterprises. The innovative startup ecosystem is getting better and better. Specifically, the Government has stepped up the operation, exploitation and development of the National Innovation Startup Portal; building a database on the innovation startup ecosystem, connecting the innovation startup ecosystem of Vietnam with the world. At the same time, supporting businesses to apply standards, technical regulations, management systems, tools to improve productivity and quality. Encourage industry linkages and value chain participation of domestic enterprises with policies to attract foreign investment.

III. CONCLUSION

In recent years, the trend of globalization and international economic integration has had a significant impact on the economic development of Vietnam, including the business community in Ho Chi Minh City in particular and the business community in Ho Chi Minh City in particular.

Ho Chi Minh City enterprises in particular and Vietnamese enterprises in general. This causes small and medium enterprises in Ho Chi Minh City and the whole country to face differences in many aspects related to business and commercial activities such as thinking, perception, belief, business psychology, customer management, corporate culture. Therefore, each small and medium-sized enterprise in Ho Chi Minh City and localities needs to effectively use the support solutions of the State, the social community and the small and medium-sized enterprises themselves for sustainable development and adapt to the requirements of the new context.

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