

Original Research Article

Human Resource Management in Small and Medium Enterprises in the Context of the COVID 19 Pandemic

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Abstract: The Covid19 pandemic has caused economic turmoil and has brought many challenges to society. In addition to the impacts on people, Covid19 has been rapidly causing business disruptions and human resource crises, especially for small and medium enterprises. In that context, many solutions have been proposed to remove difficulties in order to limit risks for businesses, including solutions on building and developing human resources. This study shows the current situation of human resources, the difficulties that small and medium enterprises face; thereby recommending solutions to develop human resources of small and medium-sized enterprises in the context of the complicated development of the Covid19 pandemic in the coming period.

Keywords: Human resource, management, small and medium enterprises, the Covid-19 pandemic.

INTRODUCTION

Small and medium enterprises are enterprises with small scale in terms of capital, labor, or revenue [1] Small and medium-sized enterprises can be divided into three types based on their size: micro enterprises, small enterprises, and medium enterprises. According to the criteria of the World Bank Group, micro-enterprises are enterprises with fewer than 10 employees, small enterprises with 10 to less than 50 employees, and medium enterprises with 50 to 300 employees. motion.

Each country will have its own criteria to identify small and medium enterprises in different countries. In Vietnam, regardless of business fields, enterprises with a registered capital of less than VND 10 billion or an average annual number of employees of less than 300 people are considered as small and medium-sized enterprises (there is no exact criterion for this) determine what is a microenterprise, which is small, and which is medium) [2].

According to data from the Ministry of Planning and Investment and the General Statistics Office, in 2019 alone, the number of newly registered enterprises (mainly small and medium enterprises) was 79,234 enterprises, equal to the total number of enterprises prior to 2017 [3].

Although rapidly increasing in number, the capital scale of small and medium enterprises in recent years has been very low, at an average of just over 3 billion VND/enterprise. Especially, in the context of the ongoing Covid19 pandemic, Vietnam's small and medium enterprises face many disadvantages, including a crisis of human resources.

"In the current context, an important issue that we need to pay attention to is to retrain human resources to adapt to the new situation, respond to the Covid-19 epidemic, and in the long run need to change both methods of training and development. working methods when technology is involved in order to be able to work in any situation, in addition, it is necessary to promote national strategies that have coherence between the Government and businesses, as well as with other agencies local" [2].

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RESEARCH RESULTS AND DISCUSSION

Overview of Vietnam's small and medium enterprises

Small and medium enterprises have become an important part of Vietnam's economy. The results of the enterprise survey in 2019 showed that small and medium-sized enterprises accounted for 95.4% of the total number of enterprises across the country. jobs, mobilize domestic and foreign capital sources for production and business activities, and solve social problems.

In addition, during operation, small and medium-sized enterprises have created a team of entrepreneurs and workers whose knowledge and skills are increasingly improved and perfected. As of December 31, 2019, the total number of enterprises in the Statistics industry surveyed and obtained was 394688 enterprises. According to labor criteria, the number of large enterprises is 9780 enterprises, accounting for 2.4%, the number of small and medium enterprises is 336961 enterprises, accounting for 95.4% (of which medium enterprises are 7853 enterprises, accounting for 2). .3%, small enterprises are 97364 enterprises, accounting for 27.5% and micro enterprises are 236741 enterprises, accounting for the highest rate with 65.6%). Among small and medium-sized enterprises, the number of enterprises with female directors accounted for 26.3%, the remaining 72.4% of enterprises were directed by men [3].

The small and medium-sized enterprise sector has contributed significantly and increased rapidly to the national budget in recent years. In 2015, small and medium enterprises contributed to the state budget 167 trillion dong, in 2019 it increased to 399.8 trillion dong, of which small and medium-sized enterprises in the non-state sector contributed 198 trillion dong, accounting for about 50% of the total contribution of small and medium enterprises. Small and medium-sized enterprises increased rapidly from 2015 to 2019, specifically: The number of small and medium-sized enterprises in 2019 increased nearly 2.84 times in 2015, an average increase of 22.3% per year in 2015-2019. Especially, micro enterprises have grown very rapidly in recent years, specifically in 2015 there were only 96303 micro enterprises in the whole country, by 2019 this has increased to 286732 enterprises, 2.7 times higher than 2015.

Classification of small and medium enterprises

Pursuant to Article 6 of Decree 39/2018/ND-CP: "Criteria for determining small and medium-sized enterprises". Small and medium-sized enterprises are classified by size including micro enterprises, small enterprises and medium enterprises, specifically as follows [4]:

Micro enterprises in the fields of agriculture, forestry, fishery and industry and construction with an average number of employees participating in social insurance not exceeding 10 people per year and total annual revenue of not more than 3 billion VND or the total capital must not exceed 3 billion VND.

Microenterprises in the field of commerce and services have an average number of employees participating in social insurance of no more than 10 people per year and a total annual revenue of not more than 10 billion VND or total capital not exceeding 3 billion VND.

Small enterprises in the fields of agriculture, forestry, fishery and industry and construction with an average annual number of employees participating in social insurance not exceeding 100 people and a total annual turnover of not more than VND 50 billion. or the total capital must not exceed 20 billion VND, but is not a microenterprise as prescribed in Clause 1 of this Article.

Small enterprises in the field of commerce and services with an average annual number of employees participating in social insurance not exceeding 50 people and a total annual revenue of not more than VND 100 billion or a total capital of not more than VND 50 billion, but is not a micro-enterprise as prescribed in Clause 1 of this Article.

Medium-sized enterprises in the fields of agriculture, forestry, fisheries and industry and construction with an average number of employees participating in social insurance not exceeding 200 people per year and total annual revenue not exceeding 200 billion VND or the total capital must not exceed 100 billion VND, but it is not a small enterprise or a micro-enterprise as prescribed in Clauses 1 and 2 of this Article.

Medium-sized enterprises in the field of commerce and services have an average number of employees participating in social insurance of not more than 100 people per year and total annual revenue not exceeding 300 billion VND or total capital not exceeding 100 billion VND, but not a micro-enterprise, a regulated small-business.

Thus, according to the new law, the criteria for determining small and medium-sized enterprises have changed as follows:

A micro-enterprise has an average number of employees participating in social insurance of no more than 10 people a year and a total annual revenue of not more than 10 billion or a capital source of not more than 3 billion.

Small enterprises: with an average number of employees participating in social insurance of no more than 50 people and a total annual revenue of not more than 100 billion or total capital not exceeding 50 billion

Medium-sized enterprises: Have an average number of employees participating in social insurance of not more than 100 people per year and total annual revenue of not more than 300 billion or total capital not exceeding 100 billion.

Impact of the Covid-19 pandemic on small and medium enterprises

The Vietnam Chamber of Commerce and Industry (VCCI) in collaboration with the World Bank in Vietnam (WB) has just published the "Report on the impact of the Covid-19 epidemic on Vietnamese enterprises: Some key findings". from the 2020 enterprise survey". The report was conducted through a survey of nearly 10,200 businesses across the country to provide specific perspectives on the impact of the Covid-19 pandemic on the entire economy and how businesses respond [5].

According to the report, the Covid-19 pandemic has had a very negative impact on businesses in Vietnam. In which, 87.2% of businesses said that they were affected at "mostly" or "completely negative". Only 11% of businesses said they were "not affected at all" and almost 2% reported an "entirely positive" or "mostly positive" impact.

Both domestic private enterprises and foreign direct investment enterprises (FDI enterprises) have been severely affected. Among the groups of businesses, those most negatively affected are new businesses operating under 3 years and micro and small scale enterprises.

The proportion of enterprises affected in a largely or completely negative manner tends to decrease as the number of years of operation of the enterprise increases. However, up to 84% of private enterprises and 85% of FDI enterprises with more than 20 years of operation are affected by the Covid19epidemic to a great extent or completely negative.

The extent of the impact of the Covid19epidemic on FDI enterprises is largest in the group of small-scale enterprises, with 89.3% saying that the impact is largely or completely negative. Large-scale FDI enterprises are the second most negatively affected group, with 88%. The rate of negative influence of the medium and micro-sized groups was slightly lower, at 87.3% and 87.2%, respectively.

The group of private micro-enterprises has the highest percentage of reporting that they are affected, completely negative is the highest, at 87.7%. The remaining business groups had a slightly lower rate of being negatively affected, at 86.1%.

The report also pointed out that the impact of the Covid-19 epidemic on businesses in some industries is particularly large. The sectors most affected are Apparel (97%), Information and Communication (96%), Electrical equipment manufacturing (94%), motor vehicle manufacturing (93%), etc [5].

The survey results of 1,564 FDI enterprises in Vietnam also recorded that 87.9% were negatively affected by the epidemic, 11.4% were not affected at all, only 0.8% were still doing well. FDI enterprises in a number of industries with high rates of negative impacts include Real Estate (100%), Information and Communication (97%), Agriculture/Fishery (95%). 22% of FDI enterprises said that they had to lay off employees due to the declining business situation. The number of employees forced to quit their jobs is approximately 30% of the total number of employees working at the enterprise [6].

In addition, the investigation results also show that the Covid-19 epidemic has affected the access to customers, followed by the impact on cash flow and employees of the business. The supply chains of many businesses have been disrupted. Some businesses are also affected by other problems, from reducing orders, reducing output, delaying, delaying investment progress and even canceling projects that are or will be implemented. Businesses also incur additional costs to prevent the Covid-19 epidemic. Many businesses face difficulties because foreign experts cannot come to Vietnam to work. Many businesses said that they were interrupted, halted, or even stopped operating due to the epidemic situation and were on the verge of bankruptcy because of the sudden drop in demand in the market, leading to a decrease in revenue as well as encountering difficulties risk of debt recovery, insolvency.

Human resources of small and medium enterprises during the Covid-19 pandemic

Every year, these businesses create more than 500,000 employees, employ up to 50% of social workers and contribute more than 40% of the country's GDP. Vietnam's small and medium enterprises are the majority of enterprises and play an important role in creating jobs and increasing incomes for workers [5].

Owners of small and medium-sized businesses are often engineers or technicians who set up and operate their own businesses, they are both managers and directly involved in production, so the level of expertise in business management career is not high. In addition, most of the owners of small and medium-sized enterprises do not participate in formal management training courses, do not have enough knowledge on corporate governance; only manage according to experience and subjective opinions.

Currently, there are very few small and medium-sized enterprises that make long-term human resource planning. According to statistics, up to 85% of the total enterprises make demand forecasting based on the number of workers to be replaced, only about 15% are based on changes in science, technology, demand. demand for products and services, capital scale, etc. In addition, the determination of excess or shortage of labor is also determined by each department based on the current workload, without the participation of the human resources department. . The Human Resources Department only has the function of receiving labor quotas and conducting recruitment.

Many Vietnamese small and medium business owners also identify short-term human resource needs or even just based on the present moment to make decisions. Only businesses with a size of 50-300 employees are still interested in and devising human resource strategies, but these strategies are still very sketchy. During the Covid-19 pandemic, many businesses could not operate, so many workers quit, many businesses did not have policies to "retain" employees.

According to Mr. Tran Van Hien, Deputy Head of the Training and Membership Department, Vietnam Association of Small and Medium Enterprises, said that the 4th outbreak of the Covid19epidemic and the policy of implementing strict social distancing in the country. many provinces and cities nationwide have directly impacted and affected the production and business activities of many enterprises; in which, especially small and medium enterprises.

Although, in a big city like Ho Chi Minh City is home to many industrial parks and enterprises at the top of the production chain have implemented the model of "3 places" or "1 road, 2 destinations", but in the process of implementation, there are still many difficulties. difficult, leading to only a few businesses meet the requirements set forth. However, even if the business meets the conditions, the implementation will also increase costs and financial pressure for businesses.

In the current context, is an organization representing the small and medium business community, accounting for 97% of the total number of enterprises in the country. The Vietnam Association of Small and Medium Enterprises (VINASME) realizes that supporting businesses has never faced so many difficulties and challenges as now. Especially looking for labor in "new normal" conditions. The lack of labor resources is happening, causing great difficulties for businesses.

Suggest Some Solutions

A new survey by the Hanoi Association of Small and Medium Enterprises shows that in the complicated development of the epidemic, the number of businesses falling into a very difficult situation accounted for 11%; the number of businesses facing difficulties and needing support accounted for 45%. The Ho Chi Minh City Business Association (HUBA) quickly surveyed more than 100 businesses by online form, showing that, during this fourth Covid-19 epidemic, up to 84% of small and medium-sized businesses faced difficulties. Recently, the General Statistics Office said that nearly 80,000 businesses have left the market since the beginning of the year until now [7]. The above statistics may be just the tip of the iceberg, because the number of businesses "clinically dead", bankrupt, having to lay off workers, stop operating more and more when the evolution of the epidemic is still very unpredictable.

Businesses that have begun to apply the form of working from home, meeting and assigning jobs have all switched to online. Changes are so rapid that many people don't even have time to name them, which is actually the story that's been talked about a lot lately: Digital Transformation.

According to the most common understanding, digital transformation in organizations and businesses is the process of changing from a traditional model to a digital enterprise by applying new technologies such as big data (Big Data), Internet of Things (Internet of Things). IoT), cloud computing (Cloud), etc. changing operating methods, leadership, working processes, company culture. Digital transformation brings many benefits such as cutting operating costs, reaching more customers in a longer time, leading to faster and more accurate decision making thanks to timely

and transparent reporting system. Thereby, the operational efficiency and competitiveness of organizations and enterprises are improved.

“In the context that many businesses operating in the traditional method face difficulties due to the Covid-19 epidemic, many businesses are vulnerable and slow to transform, so they have to use "digital leverage" to "patch the wounds". trade," said Mr. To Hoai Nam, Vice Chairman of Vietnam Association of Small and Medium Enterprises.

To Mr. Nguyen Hoang Ngan, General Director of Binh Minh Plastic Joint Stock Company: "The Covid-19 epidemic has many negative factors for Vietnamese businesses and only one positive factor is accelerating the digital transformation process".

This is completely consistent with the spirit of Decision No. 749/QĐ-TTg approving “The National Digital Transformation Program to 2025, with a vision to 2030, striving for Vietnam to become a digital nation, in the That digital transformation for businesses plays an extremely important role”.

CONCLUSION

Right from the beginning of the epidemic, many policies and support packages of the Government have been implemented but the effect is not high. To overcome this situation, new support packages need to be substantive, identify the right audience, reduce requirements and procedures, and ensure the accessibility of businesses.

It should be clearly recognized that the subjects that need the most support after the epidemic are businesses, after businesses are all employees. State management agencies and workers need to join hands to support businesses in a practical and timely manner, which is the vaccine of the economy and society after the pandemic.

In short, in order to open up the economy and move towards a new normal after the epidemic is under control, the problem of human resources must be solved first, creating a premise for the next solutions after the pandemic. A problem that needs the cooperation of the whole society from the State, businesses to workers.

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