

**SOLUTIONS FOR ATTRACTING HIGH-QUALITY HUMAN RESOURCES FOR
SMALL AND MEDIUM ENTERPRISES IN VIETNAM****Han Duc Hai**

Dai Nam University, Vietnam

ABSTRACT

Attracting and retaining high-quality human resources is a common challenge for all businesses, especially small and medium enterprises (SMEs) in Vietnam. As the economy continues to develop, there is an increasing demand for a highly specialized workforce with strong soft skills and the ability to quickly adapt to a dynamic working environment. However, SMEs often face numerous difficulties in attracting talent due to limited financial resources, weaker brand recognition, and less professional working environments. This article proposes several solutions to help SMEs in Vietnam attract high-quality human resources, thereby enhancing competitiveness and sustainable development.

Keywords:

Attracting, human resources, high-quality, small and medium enterprises, Vietnam.

1. INTRODUCTION

In the context of globalization and the robust development of the market economy, attracting and retaining high-quality human resources has become a significant challenge for businesses, especially small and medium enterprises (SMEs) in Vietnam. With a large number of enterprises making up a substantial portion of the economy, SMEs play a crucial role in job creation, economic growth, and innovation. However, to achieve sustainable development and compete in an increasingly fierce market, SMEs must have effective strategies to attract high-quality human resources.

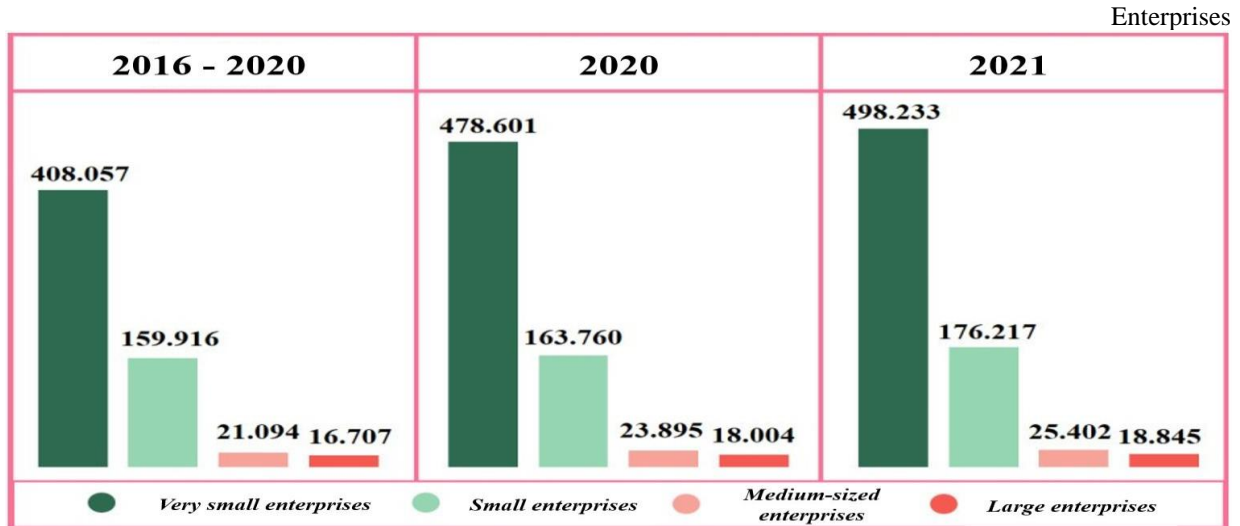
High-quality human resources not only require solid professional expertise but also good soft skills, teamwork abilities, creativity, and the capacity to quickly adapt to changes in work. Particularly in the era of digital technology and the Fourth Industrial Revolution, businesses need human resources capable of effectively using and applying information technology, data analysis, and project management.

However, SMEs in Vietnam face many challenges in attracting talent. Limited financial resources are one of the biggest challenges, making it difficult for these businesses to compete in terms of salaries and benefits with large companies. Weaker brand recognition and less professional working environments are also factors that hinder the attraction of high-quality human resources. Additionally, the lack of employee training and development programs reduces the ability to retain talent. Given these challenges, finding appropriate and effective solutions to attract and retain high-quality human resources is essential.

**2. ASSESSMENT OF THE CURRENT STATUS OF ATTRACTING HIGH-QUALITY HUMAN
RESOURCES IN VIETNAMESE SMES**

According to the recent survey conducted by the General Statistics Office, small and medium enterprises in Vietnam account for over 97% of all enterprises nationwide, employ about 36% of the total workforce in enterprises, attract approximately 32% of the total capital, and generate about 26% of the total net revenue of the enterprise sector. These figures highlight the significant role of SMEs in the country's economic development.

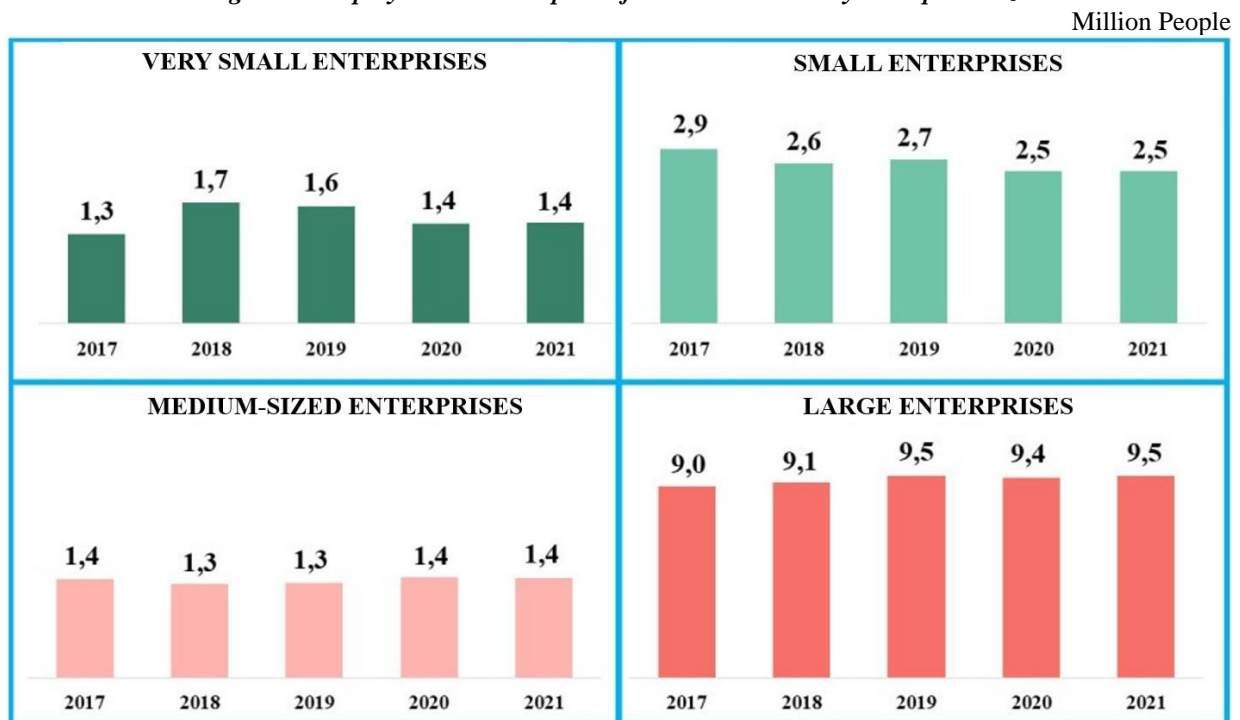
Figure 1: Number of Enterprises in Vietnam by Enterprise Size



(Source: Vietnam Business White Book 2023 by the Ministry of Planning and Investment)

As of December 31, 2021, Vietnam had 699,852 small and medium enterprises, making up 97.38% of the total number of enterprises. This number reflects the importance and substantial role of SMEs in the Vietnamese economy. With their large numbers, SMEs create millions of jobs, help reduce unemployment rates, and improve the living standards of people. SMEs provide employment opportunities for many workers in various areas, from urban to rural regions. However, SMEs are facing numerous challenges in attracting and retaining high-quality human resources, especially amid the increasingly fierce competition from large enterprises and foreign companies.

Figure 2: Employment in Enterprises from 2017 to 2021 by Enterprise Size



(Source: Vietnam Business White Book 2023 by the Ministry of Planning and Investment)

As of December 31, 2021, while small and medium enterprises made up the largest proportion of the total number of enterprises, the workforce in these enterprises accounted for only 26.6% of the total workforce in the entire enterprise sector. Specifically, micro-sized enterprises attracted 1.4 million workers, an increase of 1.1% compared to the same time in 2020, and small-sized enterprises attracted 2.5 million workers, an increase of 0.5%. Medium-sized enterprises attracted 1.4 million workers, a decrease of 1.3%. In contrast, large enterprises, though comprising only 2.6% of the total number of enterprises, attracted up to 9.5 million workers, accounting for 63.9% of the total workforce, an increase of 0.9% compared to the previous year. This indicates that despite their smaller proportion in terms of enterprise numbers, large enterprises still play a much more significant role in job creation. This disparity may reflect the ability of large enterprises to provide a more stable working environment, along with better welfare policies and career development opportunities compared to SMEs.

SMEs in Vietnam face various major challenges that significantly affect their ability to attract and retain high-quality human resources. Firstly, limited financial resources are a major issue. SMEs often do not have sufficient financial resources to compete in terms of salaries and benefits with larger companies. This makes it difficult for them to attract talent, as potential candidates often prioritize jobs with higher salaries and better benefits. Moreover, SMEs also struggle to invest in infrastructure, technology, and facilities to support their business operations, reducing their competitiveness and appeal to potential employees.

Secondly, the brand of SMEs is often not widely recognized, leading to reduced attractiveness to potential candidates. A weak brand not only diminishes the ability to attract talent but also affects the trust of customers and business partners. Large enterprises often have strong marketing and PR campaigns, building a reputable and professional image in the eyes of the public, whereas SMEs are often limited in budget for such activities. As a result, they struggle to build and maintain a strong employer brand, leading to missing out on high-quality candidates.

Thirdly, an unprofessional working environment is another issue. Many SMEs have not yet created a modern and comfortable working environment, lacking the amenities and good working conditions. A professional and modern working environment not only provides comfort for employees but also enhances work efficiency and employee satisfaction. For instance, a workspace lacking natural light, poor sanitary conditions, no relaxation areas, or lack of modern office equipment are all factors that reduce the attractiveness of the working environment. Additionally, factors such as company culture, management style, and internal engagement activities also play a crucial role in creating a positive working environment.

Finally, SMEs often lack employee training and development programs, reducing opportunities for employee advancement and career development. The lack of training programs not only affects the personal development of employees but also limits the long-term development potential of the business. Training and development are key factors that help employees improve skills, professional knowledge, and management capabilities, thereby contributing more effectively to the work and development of the business. However, due to limited financial resources, many SMEs are unable to fully invest in these programs, leading to employees not seeing opportunities for growth and advancement, thus easily leading to brain drain.

3. POLICIES AND SUPPORT FOR HUMAN RESOURCE DEVELOPMENT FOR SMALL AND MEDIUM ENTERPRISES IN VIETNAM

In recent years, the support for human resource development for small and medium enterprises has received special attention from the Government and relevant authorities in Vietnam. These efforts are clearly reflected in the policies and legal documents issued to promote the sustainable development of SMEs, which are a crucial component of the national economy. The regulations and decrees not only provide financial support but also expand training and skill development opportunities for personnel in these enterprises. Since 2017, with the enactment of the SME Support Law, the National Assembly initiated a systematic process to support SMEs, especially in reducing training costs and supporting online training programs. These reforms have been continuously reinforced and expanded in subsequent years through specific decrees and circulars, aimed at providing substantial financial support and facilitating human resource development.

In 2018, Decree No. 39/2018/ND-CP was issued to detail the regulations in the Law regarding support for startup training and business management, while also expanding financial support forms for specific SMEs. By 2019, Circular No. 05/2019/TT-BKHDT of the Ministry of Planning and Investment further clarified the support policies, ensuring that SMEs can access effective and cost-saving training resources.

In 2021, Decree No. 80/2021/ND-CP updated and expanded the support, not only concerning training costs but also including both online and on-site training forms at SMEs, along with vocational training support policies for workers. These policies aim to meet the increasing demand for high-quality human resources in the context of a transforming and globally integrating economy. These changes demonstrate the Government's commitment to creating favorable conditions and practical support for SMEs, contributing significantly to enhancing their competitiveness and promoting their sustainable development in the modern market.

4. SOLUTIONS TO ATTRACT HIGH-QUALITY HUMAN RESOURCES FOR SMALL AND MEDIUM ENTERPRISES IN VIETNAM

Attracting high-quality human resources is one of the crucial factors that help small and medium enterprises in Vietnam achieve sustainable development and compete effectively in the digital age. To achieve this, SMEs need to implement a variety of diverse and creative strategies, ranging from improving the working environment to applying flexible and attractive human resource policies.

Firstly, creating a positive working environment is essential in attracting and retaining high-quality human resources. A positive working environment is where each individual's contributions are not only recognized but also encouraged and valued. An open, diverse, and equitable workspace, where all opinions and perspectives are heard and respected, will foster creativity and personal development. This helps employees feel they are an important part of the organization, motivating them to fully commit and maximize their potential. A positive working environment also enhances team spirit and reduces stress, facilitating effective communication and collaboration among employees.

Secondly, investing in training and human resource development is an indispensable factor in the talent attraction strategy of SMEs. SMEs need to focus on developing continuous and systematic training programs to enhance employees' skills and knowledge. Training not only helps employees update new skills and improve work performance but also demonstrates the company's care and commitment to their personal development. Employees who feel invested in their abilities and have career development opportunities will have higher work motivation and long-term commitment to the company. Training programs can also help the company build a professional workforce that meets the increasing demands and challenges of the market.

Thirdly, implementing flexible human resource policies, including competitive salary, bonus, and welfare policies, plays a crucial role in attracting and retaining high-quality human resources. These policies not only help maintain employee motivation but also demonstrate fairness and transparency in human resource management. Salary and bonus policies should be established based on employees' performance and contributions and need to be competitive with other companies in the same industry. This helps the company not only attract talent but also maintain positive relationships with current employees, minimize turnover, and improve job satisfaction.

Fourthly, creating opportunities for creativity and innovation is also an important factor in attracting high-quality human resources. Employees need to feel that they can contribute ideas and participate in the company's innovation projects. An environment that encourages creativity and allows employees to experiment with new ideas will not only help the company maintain a competitive edge but also create great motivation for employees. When employees know that their ideas are valued and have the opportunity to be implemented, they will feel more connected to the company and be willing to contribute more to the organization's development. Companies should create information channels and opportunities for employees to share ideas and participate in innovation initiatives while providing the necessary support and resources to implement these ideas.

Fifthly, establishing comprehensive welfare programs is an important solution to attract and retain high-quality human resources. SMEs should provide a diverse benefits package that includes health insurance, leave policies, and other additional benefits such as healthcare, educational support, and family welfare programs. Comprehensive benefits package not only helps improve employees' quality of life but also demonstrates the company's care and investment in their well-being and happiness. Providing good benefits will enhance employee satisfaction and commitment, thus reducing turnover and creating a positive working environment.

Sixthly, establishing strategic partnerships and participating in industry communities can also create opportunities to attract talent for SMEs. Companies can collaborate with educational institutions, industry associations, and professional organizations to seek and develop talent. Participating in workshops, industry events, and professional networks also helps companies enhance their image and create opportunities to connect with high-quality candidates. By doing so, SMEs not only increase their presence in the industry but also expand their network and

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seek potential human resources from various channels. Engaging in industry communities also helps companies keep abreast of new trends and seek opportunities for future cooperation and development.

CONCLUSION

In the context of an increasingly developing and fiercely competitive economy, attracting and retaining high-quality human resources has become an essential task for small and medium enterprises in Vietnam. To achieve this goal, SMEs need to build a positive working environment, invest in training and human resource development, apply flexible human resource policies, and encourage creativity and innovation. Creating an open workplace that values individual contributions not only enhances employee satisfaction and commitment but also promotes development and creativity. Investing in training and skill development not only helps employees update their knowledge but also demonstrates the company's care and commitment to their personal growth. Flexible human resource policies, including salaries, bonuses, and benefits, play a crucial role in maintaining work motivation and facilitating long-term employee development. Additionally, encouraging creativity and innovation helps businesses maintain a competitive edge and create a workspace where employees' ideas are valued and implemented. Moreover, establishing comprehensive welfare programs and creating development opportunities through strategic partnerships are also important factors in attracting and retaining high-quality human resources. A good benefits package and participation in industry communities not only improve employee satisfaction but also expand opportunities to find and develop talent. In summary, to succeed in attracting and retaining high-quality human resources, SMEs need to effectively apply the above solutions in a synchronized manner. Building a positive working environment, investing in training, applying flexible human resource policies, encouraging creativity, along with comprehensive benefits and strategic partnerships, will contribute to enhancing the competitiveness and sustainable development of businesses. These are the key factors that help SMEs not only attract talent but also build long-term dedication and commitment from their employees. These are important steps that help Vietnam continue to integrate deeply and succeed on the international stage.

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