

**SOME SOLUTIONS TO IMPROVE FINANCIAL MANAGEMENT CAPACITY
FOR VIETNAMESE BUSINESSES IN THE CURRENT CONTEXT****Tran Thi Ngoc Linh**

Thai Nguyen University of Economics and Business Administration, Vietnam

ABSTRACT

The robust development of the market economy and international integration poses numerous challenges for Vietnamese enterprises, especially amidst increasingly complex socio-economic fluctuations. Enhancing financial management capacity is the key to helping businesses increase competitiveness, optimize operational efficiency, and strive for sustainable development. This article proposes several solutions to enhance financial management capacity for Vietnamese enterprises in the current context. Effectively implementing these solutions will contribute to improving the financial management capabilities of Vietnamese businesses, thereby increasing competitive strength, optimizing profits, and aiming for sustainable development in a volatile business environment.

Keywords:

Financial management capacity, Vietnamese businesses, current context.

1. INTRODUCTION

In the context of the global economy experiencing strong and unpredictable fluctuations, enhancing financial management capacity has become a key factor determining the survival and sustainable development of enterprises. This is especially true for Vietnamese businesses, where the economy is transitioning from a phase of rapid growth to sustainable development. Strengthening financial capacity not only helps them adapt to market changes but also opens up new opportunities for competition and growth.

Vietnam currently faces many complex economic challenges, such as the impact of the COVID-19 pandemic, exchange rate fluctuations, changes in global financial policies, and increasing competitive pressure from international businesses. In this context, enterprises need to effectively grasp and manage financial resources to maintain stable operations and growth. However, the financial management capacity of many Vietnamese businesses remains limited, particularly in financial forecasting, risk management, and capital optimization. Therefore, finding and applying solutions to enhance financial management capacity for enterprises has become an urgent need. These solutions include internal measures such as improving accounting processes, raising the professional level of financial staff, and requiring macroeconomic support from the government, cooperation with financial institutions, and the application of information technology in financial management.

**2. OPPORTUNITIES AND CHALLENGES OF THE CURRENT CONTEXT FOR FINANCIAL
MANAGEMENT IN VIETNAMESE ENTERPRISES****2.1. Opportunities**

The current socio-economic context presents numerous new opportunities for financial management activities in Vietnamese enterprises. Recognizing these opportunities and adopting appropriate strategies will help businesses enhance their competitive advantages and achieve sustainable development.

- **Access to International Capital**

In the context of globalization, Vietnamese enterprises face significant opportunities to access international capital sources with more favorable interest rates. International financial institutions such as the World Bank, the International Monetary Fund (IMF), and foreign investment funds are increasingly investing in Vietnam. This not only provides enterprises with additional financial resources to implement large projects but also opens up opportunities to learn and apply advanced international financial management standards. Access to international capital also helps Vietnamese enterprises reduce their dependence on domestic capital, enhance liquidity, and improve their financial structure. Furthermore, connections with international financial partners bring benefits in terms of reputation and trust, facilitating business cooperation, market expansion, and

enhancing competitive positions on the global stage.

- **Application of Advanced Technology in Financial Management**

The rapid development of information and communication technology has enabled Vietnamese enterprises to apply modern financial management systems, thereby improving efficiency and transparency in financial management. ERP (Enterprise Resource Planning) systems and online accounting software are becoming essential tools for comprehensive and accurate financial management. Financial data analysis tools not only support financial planning and forecasting but also help enterprises identify risks and opportunities early. Thanks to technology, accounting, auditing, and treasury management processes become more automated, minimizing errors and improving work efficiency. Additionally, blockchain technology and artificial intelligence (AI) are being researched and applied in financial management, promising groundbreaking improvements in security, processing speed, and data analysis capabilities.

- **Expanding Consumer Market**

With high economic growth rates and increasing average income per capita, consumer demand in Vietnam is rapidly expanding. This creates numerous opportunities for domestic enterprises to scale up production, diversify products, and grow revenue. The expanding consumer market not only boosts business revenue but also promotes the development of supporting industries, creating a sustainable and growing economic ecosystem. Moreover, the growth of the middle class and changes in consumption habits are creating new opportunities for businesses to develop high-end products and services that meet the increasing demands of consumers. This is also an opportunity for businesses to enhance product quality, improve customer service, and build strong brands in the market.

- **Government Support Policies**

The Vietnamese government has been implementing numerous support policies for businesses, especially small and medium-sized enterprises (SMEs), to promote sustainable economic development. These policies include improving the business environment, reducing legal and administrative barriers, and providing financial support packages. The government has also launched several technical support programs, training, and capacity-building initiatives for businesses, helping them improve management skills and competitive abilities. Preferential tax policies, credit support, and innovation incentives have made it easier for businesses to access capital, reduce costs, and increase investment in research and development. Government support is also evident through the free trade agreements (FTAs) that Vietnam participates in, opening opportunities to access international markets and attract foreign investment, thereby creating favorable conditions for the sustainable development of domestic enterprises.

2.2. Challenges

Besides opportunities, the current context also poses many challenges for financial management activities in Vietnamese enterprises. Enterprises need to clearly recognize these challenges to devise appropriate solutions, ensuring effective operations and sustainable development.

Firstly, Global economic fluctuations:

In today's era, Vietnamese enterprises must confront unforeseeable global economic fluctuations, including trade wars, economic recessions in major economies, and significant volatility in raw material prices. These fluctuations directly impact production, business, and financial management activities of enterprises. When the global economy faces difficulties, the export capacity of enterprises decreases, the consumer market shrinks, and revenue from international markets is severely affected. Price volatility in raw materials also increases production costs, affecting profitability and competitiveness. Enterprises must deal with more challenging financial planning and forecasting due to these unstable and unpredictable factors.

Secondly, Limited risk management capabilities:

Many Vietnamese enterprises, especially small and medium-sized enterprises, still have limitations in financial risk management. Lack of experience and skills in risk management can lead to ineffective financial decisions, causing serious losses to assets and stability of enterprises. In a volatile business environment, the absence of clear and effective risk management strategies can leave enterprises vulnerable to sudden market fluctuations. Additionally, many enterprises lack the necessary tools and processes to monitor, analyze, and manage financial risks, thus unable to implement timely and effective preventive measures.

Thirdly, Increased competition from foreign enterprises:

The entry of foreign enterprises into the Vietnamese market has created immense competitive pressure on domestic enterprises. Foreign enterprises often have advantages in strong financial resources, advanced technology, extensive management experience, and modern management systems. This creates a fierce

competitive environment, requiring Vietnamese enterprises to continuously improve and enhance their financial management capabilities to maintain and develop. Competition is not only about prices but also about product quality, services, and access to international markets, posing many challenges for Vietnamese enterprises in maintaining and expanding their market share.

Fourthly, Lack of high-quality human resources:

One of the major challenges for Vietnamese enterprises is the lack of high-quality human resources in the financial field. Financial human resources with high professional qualifications, good management skills, and deep market understanding are crucial factors to help enterprises manage finances effectively and make appropriate strategic decisions. However, in reality, many enterprises still lack the human resources to meet these requirements. This limitation affects the ability to analyze, forecast, and plan finances, thereby affecting the efficiency of operations and competitiveness of enterprises. Furthermore, the shortage of high-quality human resources also increases recruitment and training costs, resulting in significant expenses for enterprises.

Fifthly, Compliance with international standards:

Vietnamese enterprises are increasingly required to comply with many international financial standards such as IFRS (International Financial Reporting Standards) and regulations on anti-money laundering, international tax compliance. This requires enterprises to invest heavily in accounting, auditing, and compliance systems, creating significant cost and resource pressures. These standards are often complex and require extensive knowledge, adding to the burden on the financial department of enterprises. Non-compliance with international standards can lead to serious legal and financial risks, adversely affecting the reputation and operations of enterprises. Therefore, ensuring compliance with international standards not only requires significant financial investment but also continuous improvement in processes and management systems.

3. Solutions to improve financial management capacity for Vietnamese businesses in the current context

The current economic and social landscape presents many challenges but also opens up new opportunities for financial management activities in Vietnamese enterprises. To enhance financial management capabilities and increase competitive advantage in a dynamic business environment, enterprises need to implement the following solutions:

Firstly, Strengthening training and development of financial human resources

One key solution to enhance the financial management capabilities of Vietnamese enterprises is to strengthen the training and development of high-quality financial human resources. Enterprises need to invest in training financial personnel through specialized courses on financial management, accounting, auditing, risk management, and financial analysis skills. Moreover, organizing continuous training programs and updating the latest knowledge on financial regulations, international accounting standards such as IFRS (International Financial Reporting Standards) will help financial personnel enhance their professional competence and adaptability to business environment changes. Furthermore, encouraging staff to participate in industry seminars, conferences, and international training programs is an effective way to enhance knowledge and skills.

Secondly, Application of technology in financial management

The adoption of advanced technology in financial management is an important solution to help enterprises improve efficiency and transparency in financial activities. Modern financial management systems such as ERP (Enterprise Resource Planning), online accounting software, and financial data analysis tools will help enterprises automate financial processes, minimize errors, and enhance work efficiency. Particularly, blockchain technology can be applied to enhance transparency and security in financial transactions, while artificial intelligence (AI) and big data analysis can help enterprises forecast financial accurately and detect risks early. Investing in technology solutions not only improves financial management capabilities but also creates conditions for enterprises to enhance competitiveness in the market.

Thirdly, Building an effective financial risk management system

To cope with economic fluctuations and financial risks, Vietnamese enterprises need to build and deploy an effective financial risk management system. This system should include processes and tools for identifying, assessing, monitoring, and managing financial risks. Enterprises need to establish clear risk management policies and train employees on the importance of risk management. Risk management measures should be integrated into daily financial management processes, including analyzing potential risks in investment projects, planning contingencies, and developing response scenarios for emergency situations. Regular evaluation and updating of risk management measures will help enterprises be more proactive in dealing with financial risks and minimize negative impacts on business operations.

Fourthly, Enhancing transparency and compliance with international standards

Transparency and compliance with international financial standards are important factors for Vietnamese enterprises to enhance credibility and competitiveness in the international market. Enterprises need to apply international accounting standards such as IFRS in financial reporting to ensure that financial information is presented transparently and accurately. Compliance with legal regulations and international standards not only helps enterprises minimize legal risks but also builds trust from investors and business partners. Enterprises should establish rigorous internal control procedures and conduct regular audits to ensure compliance with regulations and timely detection of errors or fraud.

Fifthly, Collaboration with financial institutions and experts

Collaborating with financial institutions, banks, and financial experts is an effective solution to enhance the financial management capabilities of enterprises. Financial institutions can provide financial advisory services, support enterprises in financial planning, cash flow management, and capital optimization. Experienced financial experts can help enterprises develop long-term financial strategies, analyze investment efficiency, and provide recommendations on risk management. This collaboration not only helps enterprises access important financial resources but also provides valuable knowledge and experience in financial management.

Sixthly, Developing flexible financial strategies

In the rapidly changing economic environment, enterprises need to develop flexible financial strategies to respond promptly to market fluctuations. Financial strategies should include short-term and long-term plans, which must be adjusted flexibly based on actual situations. Enterprises need to focus on optimizing cash flow, managing debts and capital, and building contingency funds to ensure liquidity in emergency situations. Continuous evaluation and adjustment of financial strategies will help enterprises maintain financial stability and sustainable development.

Seventhly, Enhancing cash flow management and liquidity

Effective cash flow and liquidity management are key factors to ensure continuous and stable business operations. Enterprises need to establish rigorous cash flow management procedures to monitor income and expenses, thereby making sound financial decisions. Maintaining an appropriate level of liquidity will help enterprises meet short-term financial needs and minimize liquidity risks. Additionally, enterprises should develop cash flow management plans based on various business scenarios to be prepared to cope with unexpected situations.

Eighthly, Promoting innovation and creativity in financial management

Innovation and creativity in financial management are important factors to help enterprises improve competitive capabilities and adapt to changes in the business environment. Enterprises need to encourage creativity and apply new financial management methods to improve operational efficiency. Researching and applying new financial models, advanced analysis tools, and modern risk management methods will help enterprises optimize resources and achieve financial goals effectively.

CONCLUSION

In the context of global economic volatility and fierce competition, enhancing financial management capabilities is crucial for Vietnamese enterprises to maintain stability and sustainable development. The proposed solutions in the article not only focus on improving the skills and expertise of financial staff but also emphasize the importance of applying modern technology, building effective risk management systems, and adhering to international financial standards. Training and developing high-quality financial human resources will help enterprises enhance their capacity for analysis, forecasting, and financial planning. The application of advanced technology such as ERP, blockchain, and AI not only optimizes financial management processes but also enhances transparency and efficiency. Financial risk management systems help enterprises proactively deal with fluctuations and risks, while transparency and compliance with international standards enhance credibility and competitiveness in the international market. Furthermore, collaboration with financial institutions and experts, developing flexible financial strategies, and effective cash flow management also play important roles in enhancing the financial capacity of enterprises. Promoting innovation and creativity in financial management creates opportunities for enterprises to maximize opportunities and overcome challenges. In summary, the synchronized implementation of these solutions will not only enhance the financial management capabilities of Vietnamese enterprises but also establish a solid foundation for sustainable development and competitiveness in the current economic landscape. Enterprises need to continuously update and improve financial management methods to adapt to rapid changes in the business environment and make the best use of development opportunities in the future.

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