

Original Research Article

Working Capacity of Managers in Small and Medium Enterprises: A Case Study in Bac Ninh Province of Vietnam

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Abstract: This article researches the working capacity of managers in small and medium enterprises (SMEs) in a case study in Bac Ninh province of Vietnam, based on primary data collected from 120 managers and 120 employees in 60 small and medium enterprises in the study sites by standard questionnaires. The results showed that educational level of managers in SMEs in Bac Ninh province of Vietnam was still very low, managers with a suitable qualification of management was not high. The capacities of making business plans were mostly just acceptable. The human resource management capacity was not good, but the asset management capacity and monitoring capacity of managers was rather good. Employees were aware and believed in executive capacity of managers as they have been active and proactive in improving their management and business capacity and being able to acquire well, diligently and eagerly learn. Employees highly appreciated the moral qualities of managers. Some factors considered to affect the working capacity of managers were high age, low management experience, characteristics of managers. The research suggested that managers of SMEs had better improve their managerial knowledge, strengthen their managerial capacity. Training institutions could organize short training course and provide consultation support to SMEs managers. National and provincial government should create a playground for them to share and learn from good and successful managers.

Keywords: working capacity, managerial knowledge, management, managers, small and medium enterprises

INTRODUCTION

Bac Ninh is a province located in the Red River Delta in the northern part of Vietnam. It is situated to the east of the Vietnamese capital, Hanoi. It lies on the major traffic artery linking Vietnam and China – which is a strongly growing market and expected to be larger as the China - ASEAN free trade area is formed. It also lies on the Nanning - Lạng Sơn - Hanoi - Hai Phong and Nanning - Singapore economic corridors, the Hanoi capital city planning area and the busy Hanoi - Hai Phong - Quảng Ninh economic development triangle. It is also known as a light point in industrial development, has been lifting rapidly with long steps of industrialisation – modernisation. It has 15 industrial parks with total areas of 7,681 ha, of which nine have operated effectively, have lured 272 foreign direct investment (FDI) projects totaling to over \$3.7 billion, including those invested by Canon, Samsung, P&Tel, Sumitomo, Foxconn, ABB, Orion, PepsiCo and Nokia. It has attracted 254 domestic projects with total registered capital of over \$1 billion and a labour force of more than 83,000 [1].

Besides that, Bac Ninh has 120 handicraft-producing villages, 62 of which are involved in producing Vietnamese famous traditional products such as copper casting, iron and steel, and wooden products, etc. They have high potentials to contribute to Bac Ninh's economic development. In 2015, Gross Regional Domestic Product (GRDP) of Bac Ninh increased 8.7% compared to that in 2014. The economic structure shifted in the right direction with agro-forestry-fishery accounted for 5.3%, industry and construction accounted for 75.6%, and service was 19.1%. Industrial production value was increase 9.1%, the total retail sale of goods and consumer service revenue went up 15.4%, the total export turnover of goods was estimated at USD 23.2 billion, up 6.4%, the total state budget revenue in the province was increased 14.3% compared to those of 2014 [1].

Although Bac Ninh is the smallest province of Việt Nam, there is an increasing number of enterprises in this province with around 17,400 enterprises by the first quarter of 2019 [2]. Most of them are newly established, small and medium enterprises. This led

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to a large demand for managers. Meanwhile, the working capacity of managers in these enterprises was still limited and could not satisfy the development of the enterprises [3].

Therefore, it is necessary to research about the working capacity of managers in small and medium enterprises in Bac Ninh province of Vietnam and suggest some recommendations to improve their capacity of responding to the demand of the enterprises in the future.

METHODOLOGY

Collection of primary data

In order to get primary data, direct interview method with standard questionnaires were exploited to assess the working capacity of SMEs managers in Bac Ninh province based on the criteria of managerial knowledge, capacity of making business plan, capacity of human resource management, asset management, executive and monitoring. Besides, in-depth interviews were used to get the deep information or point of views of the respondents about the capacity of managers.

A total of 60 small and medium enterprises (SMEs) in Bac Ninh Province were selected to investigate. In each enterprise, 02 managers and 02 employees were interviewed.

Table-1: Numbers and sample of interviews

	Samples		
	Enterprises	Numbers of managers	Numbers of employees
Total	60	120	120

Source: Survey data, 2017

Data analysis

Five-point Likert scale was used to assess the working capacity of the SMEs managers in Bac Ninh province with each criterion, ranging from (1) Very bad, (2) Bad, (3) Neutral, (4) Good and (5) Very Good. Capacity index is the weighted average of the number of responds in each level of capacity and the coefficient of each level, where “very bad” scored 1, and “very good” scored 5.

$$\text{Distance value} = (\text{Maximum} - \text{Minimum}) / n = (5 - 1) / 5 = 0.8$$

Table-2: The interval of the level and the meaning

Mean	Level
1.00 - 1.80	Very bad
1.81 - 2.60	Bad
2.61 - 3.40	Neutral
3.41 - 4.20	Good
4.21 - 5.00	Very good

RESULTS

Managerial knowledge of SMEs managers

Educational level and professional qualifications

According to the surveyed results, educational level of managers in SMEs in Bac Ninh province of Vietnam was still very low. The proportion of managers with graduates and postgraduate degrees was quite small (21%), most of them had college degrees (47%) and many of them just finished vocational training (32%).

Regarding to professional qualifications, managers with a relatively suitable qualification of management was not high, just 28%. Most of them had professional qualifications in economics (accounting for 43%). The number of managers participating in short-term training courses related to management was still low, too (only 13% of the respondents). The main reason is that they thought they was old and often managed the enterprises based on their experience.



Fig-1: Education level of managers in SMEs

Source: Survey data, 2017



Fig-2: Professional qualifications of managers in SMEs
Source: Survey data, 2017

Managerial Knowledge

Basically, managers self-assessed that their managerial knowledge was quite good, but they also knew that they were weak on knowledge of risk management, production management, general knowledge of society and culture, and foreign languages. This result seems similar to the assessment results of workers on their knowledge.

In general, the assessment results of managers' managerial knowledge by workers was much lower than the self-assessment by managers. There were some evaluation criteria by workers higher than those of self-assessment by managers such as knowledge of society and culture, international integration, and production management. The remaining criteria, the employees rated relatively lower than the self-assessment by managers, especially the criteria of risk management, corporate culture, knowledge of integration, knowledge of politics and law. The result also showed that workers were not really satisfied with the managerial knowledge of managers.

Table-2: Evaluation of managers' managerial knowledge at the good and acceptable level

Criteria	Self-asement by managers	Assessment by employees
Foreign language knowledge	67	45
Knowledge of integration	87	34
Knowledge of HR management	76	56
Knowledge of risk management	35	16
Knowledge of corporate culture	78	35
Knowledge of social responsibility	76	23
Knowledge of production management	45	76
Knowledge of politics and law	76	39
Knowledge about society and culture	47	54
Knowledge on their fields of business	98	89

Source: Survey data, 2017

Capacity of making a business plan of SMEs managers

According to the answers of the respondents, in order to develop and manage enterprises, managers of enterprises need to have a capacity of making a business plan, and implement it in reality. To develop plans, managers often relied on the development goals of enterprises. A good and suitable business plan is a condition to ensure and fulfill the goals set by the enterprises. The survey results also showed that, to set the business plan, the managers of small and medium enterprises focused mainly to increase profits, increase the competitiveness of products and increase market share for enterprises.

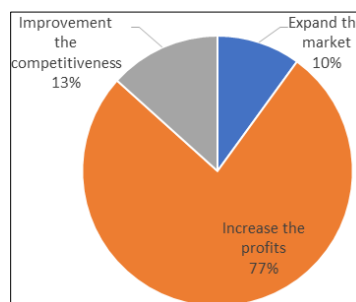


Fig-3: Major focuses of managers in setting the business plan
Source: Survey data, 2017

Both the self-assessment results of managers of SMEs and their employees' assessment showed that the capacity of making business plans of SMEs managers in Bac Ninh province were mostly evaluated at the neutral level, as 59% of the respondents said that the plan just met the basic objectives and was at the neutral levels. Proportion of evaluation at the good and very good level was quite low (34%). Some respondents said that in some case, the business plan was not good and very difficult to implement.

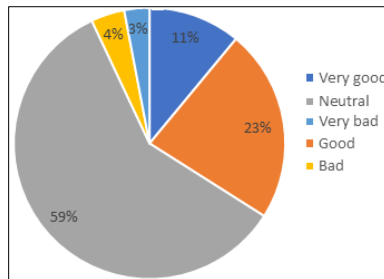


Fig-4: Evaluation on the capacity of making business plans
Source: Survey data, 2017

According to the respondents, the major constraints in making the business plan of managers in SMEs in Bac Ninh province were that, their plan was lack of feasibility, inconsistent, lack of suitable personnel arrangement plan and did not identify the right priority targets.

Table-3: Constraints in making business plan

Reasons	Proportion (%)
Inconsistent	45
Do not identify the right priority targets	23
Lack of suitable personnel arrangement plan	37
Lack of feasibility	68

Source: Survey data, 2017

Although the respondents thought that the capacity of making the business plans was still limited, the performance in implementing the business plan of SMEs was quite high. The managers self-assessed that 82% of the plan could be implemented. Only 18% of the respondents said that the business plan completed less than 80%.

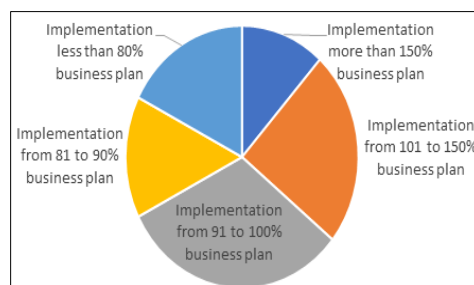


Fig-5: Performance of implementing the business plans
Source: Survey data, 2017

Human resource management capacity

All criteria of the human resource management capacity of the managers in the surveyed enterprises were assessed at the bad and neutral level. This implied that the human resource management capacity of managers in SMEs in Bac Ninh province was not good. Specifically, there was 63% of respondents said that the capacity of determining human resource needs of SMEs managers was bad and very bad, 40% of respondents answered that managers did not arrange to use workers properly, 26% of the respondents responded that managers did not know how to motivate their employees.

Table 4. Evaluation on human resource management capacity of managers in SMEs

Criteria	Very bad	Bad	Neutral	Good	Very good	Mean	Conclusion
Cultural behavior with employees	2	15	45	28	10	3,29	Neutral
Staff encouragement	11	15	70	2	2	2,69	Neutral
Appropriate staff layout	13	27	52	3	5	2,6	Bad
Identifying human resources needs	8	55	32	5	0	2,34	Bad
Promoting employees	0	16	49	24	11	3,3	Neutral

Source: Survey data, 2017

Asset management capacity

Although the employees assessed the asset management capacity of managers in SMEs lower than the managers' self-assessment, basically, there was a same trend in their evaluation and the evaluation results was quite good. Proportion of respondent's evaluated at good and very good level of the managers and the employees were high at 50% and 43.3%, respectively. The proportion of evaluating at the bad and very bad level of these two groups were low at 13.3% and 16.7%, respectively.

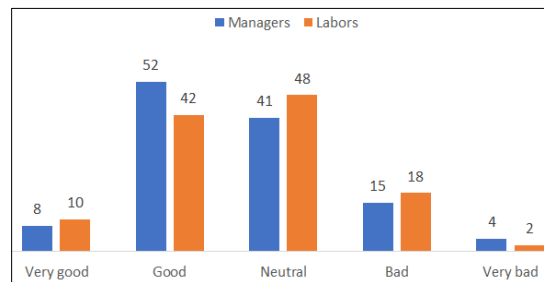


Fig-6: Evaluation on the asset management capacity of SMEs managers
Source: Survey data, 2017

Executive capacity

In general, the executive capacity of SMEs managers was assessed quite good. The surveyed results showed that there was similar in the assessment results by employees and the self-assessment by SMEs managers in many criteria and at good and very good level such as leadership capacity, capacity of influencing and creating good images, communication. In some criteria, employees assessed higher result than the self-assessment by managers such as capacity of mobilizing and coordinating the resources, and resource development.

This proves that employees were aware and believed in executive capacity of managers. In fact, SMEs managers in Bac Ninh province have been active and proactive in improving their management and business capacity and being able to acquire well, diligently and eagerly learn.

Table-5: Executive capacity of SMEs managers at the good and very good level

Criteria	Self-assement by managers	Assessment by employees
Develop the enterprise	24	21
Start-up and change	65	56
Mobilize and coordinate resources	45	65
Implement business activities	65	45
Implement strategic plans	76	68
Leadership	48	46
Influence and create good images	67	63
Develop Resource	45	65
Communicate	76	73
Problem solving	56	45

Source: Survey data, 2017

However, there were some criteria in the executive capacity that the employee assessed lower level than the self-assessment by the managers, including problem solving, implementation of business activities, start-up and change, and implementation of strategic plans. Employees believed that the relationship between managers and workers opened and got better, but managers of enterprises had not showed good interest and encouraged employees timely and appropriately.

Capacity of monitoring

Capacity of monitoring of manager was assessed quite good. Similar to other working capacities, employees assessed all three criteria for monitoring capacity lower than the self-assessment by SMEs managers. Specifically, 40% of employees answered that the capacity of establishing the monitoring indicators of managers were good and very good. The self-assessment figures by managers were 45%, that is 5% higher than the assessment results by employees. The capacity of monitoring and evaluating the working results assessed by employees also 10% lower than that by managers. And the capacity of reflecting and getting the feedback was 9% lower, too.

Table-6: The capacity of monitoring at the good and very good level

Criteria	Self-assement by managers	Assessment by employees
Establish the monitoring indicators	45	40
Monitor and evaluate the working results	65	55
Reflect and get the feedback	50	41

Source: Survey data, 2017

Ethics and Attitude

In general, the assessment results of ethics and attitude showed that both employees and SMEs managers highly appreciated the moral qualities of managers. Many criteria were highly evaluated such as coverage capacity (89%), responsibility (78.9%), professional ethics (79%), flexibility and sensitivity (77%). This reflects the high satisfaction level of employees about the moral quality of SMEs managers in Bac Ninh province.

Table-7: Evaluation on SMEs managers' Ethics and Attitude at good and very good level

Criteria	Self-assessment by managers	Assessment by employees
Confident	65	76
Patience	67	56
Professional ethics	87	79
Coverage capacity	99	98
Responsibility	87	78
Flexibility and sensitivity	78	76
Innovative thinking and creativity	56	45
Longlife learning	76	67
Risk taking	58	54
Decisive	43	35

Source: Survey data, 2017

Factors affected the working capacity of SMEs managers in Bac Ninh province

The survey results showed that the common age of the surveyed SMEs managers was quite high, from 45 years to 53 years old, with the average of 50.6 years old. At this age, managers often have more experience in life in general, but are often more conservative and more difficult to acquire new things compared to the young people. Management experience of managers was not high, mainly ranged from 3 to 7 years. Almost managers were those who set up businesses themselves, and operated in the form of family businesses. These managers reflected that they realized their lack of experience in business management, law knowledge and competitive market. This has caused many difficulties for them and for their enterprises in the integrated market economy.

Besides, factors belonging to managers' characteristics such as innate aptitude, motivation and aspiration, gender and health also had a strong influence on the capacity of business managers. The factors belonged to enterprises such as the characteristics of enterprises, the size and characteristics of employees in enterprises were also evaluated as a significant impact on the working capacity of managers. The factors of macro environment had a little affect to their capacity.

CONCLUSION AND SOME RECOMMENDATIONS TO IMPROVE WORKING CAPACITY FOR SMES MANAGERS IN BAC NINH PROVINCE OF VIETNAM.

The research results showed that educational level of managers in SMEs in Bac Ninh province of Vietnam was still very low as most of them had the college degrees and lower. Managers with a relatively suitable qualification of management was not high. They self-assessed that their managerial knowledge was quite good, but they also knew that they were weak on knowledge of risk management, production management, general knowledge of society and culture, and foreign languages. In overall, the assessment results of managers' managerial knowledge by workers was much lower than the self-assessment by managers. There were some criteria that the assessment results by workers were higher than those of self-assessment by managers such as knowledge of society and culture, international integration, and production management.

To set a business plan, the managers of small and medium enterprises focused mainly to increase profits, the competitiveness of products and the market share for enterprises. The capacity of making business plans of managers in SMEs in Bac Ninh province were mostly evaluated at the neutral level. The major constraints in making the business plan of managers were lack of feasibility, inconsistent, lack of suitable personnel arrangement plan and did not identify the right priority targets. Although the respondents thought that the capacity of making the business plans was still limited, the performance in implementing the business plan of SMEs was quite high.

Similarly, all criteria of the human resource management capacity of the managers in the surveyed enterprises were evaluated at the bad and neutral level. The asset management capacity of managers was rather good as more than a half of respondents assessed these criteria at the good and very good level. Employees were aware and believed in executive capacity of managers as they have been active and proactive in improving their management and business capacity, and being able to acquire well, diligently and eagerly learn. Employees also assessed the monitoring capacity of managers lower than their self-assessment. Both employees and SMEs managers highly appreciated the moral qualities of managers.

There were some factors affecting the working capacity of SMEs managers in Bac Ninh province. The age of the surveyed SMEs managers was quite high. It considers as a constraint for them to acquire new things compared to the young people. Besides, management experience of managers was not high, mainly ranged from 3 to 7 years, causing many difficulties for them and for their enterprises in the integrated market economy. Some factors belonging to managers themselves such as nature, innate aptitude, motivation and aspiration, gender and health had a strong influence on the capacity of SMEs managers. The factors belonged to enterprises such as the characteristics of enterprises, the size and characteristics of employees in enterprises were also evaluated as a significant impact on the working capacity of managers. The factors of macro environment had a little affect to their capacity.

In order to improve the working capacity for SMEs managers in Bac Ninh province, some recommendations are suggested as follows:

- Managers of SMEs had better take part in many training courses, seminars, workshops in business management to improve their managerial knowledge.
- They also should joint some relevant clubs such as Leadership clubs, Entrepreneurs club, CEO clubs or similar organizations to strengthen their capacity through learning by doing and learning/sharing their experience, and increase their professional relationships with other successful managers.
- Training institutions could organize short training course, longlife learning courses in business management to attract managers and provide consultation support to SMEs managers.
- National and provincial government should create a playground for SMEs managers in general, and SMEs managers in Bac Ninh province in particular, so that they could joint, share and learn from good and successful managers.

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