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Managerial human resource quality of firms in the Mekong Delta, Vietnam

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ABSTRACT

This paper is aimed at providing an in-depth examination of the managerial human resource quality of firms in the Mekong Delta, using a primary data set of 450 firms randomly selected from the region, in addition to a secondary data set provided by relevant organizations. T-test and ANOVA are the main analytical methods used in this paper. Based on the findings, solutions (such as improving the quality of professional short trainings, giving dear supports to business start-up activities and creating better economic environments) are proposed to develop firms in the region by improving the quality of their managerial human resources.

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1 INTRODUCTION

Human resource quality is crucial to the success of firms, especially as competition becomes ever fiercer mainly via knowledge. On the macroeconomic level, economists have ascertained that human resource is key to economic growth, pioneered by Adam Smith with a seminal book entitled "*The Wealth of Nations*" (1776). The role of human resource quality to the growth of firms has also attracted attention of researchers at the micro level. The well-known Echelon theory developed by Hambrick and Mason (1986) has soon become the main stream of theory intensively used to examine this aspect. Nevertheless, this topic remains in need of further studying since it basically depends on specific features of nations, regions and firms as well (Unger *et al*., 2011).

In Vietnam, the literature on the impact of human resource quality on firm growth gains its unique importance since firms have remarkedly contributed to GDP. In 2001, firms created a value of VND 255.7 trillion (accounting for 53.2% GDP of the country). In 2013, they produced VND 2,301.5 trillion as much, nine times of that in 2001 and about 58.5% GDP (General Statistical Office of Vietnam, 2014). The growth of firms has strengthened the country's competitiveness, ensured the success of the industrialization and modernization strategy, restructured the economy, and created jobs for labours (World Bank, 2003).

In 2014, the Mekong Delta (MD) had 31,146 firms of all kinds, accounting for approximately 8% of total number of firms of the whole country and increasing by 8.4% compared to that in 2013. Despite their importance, firms in the MD have been faced with severe constraints, regarding low competitiveness stemming from poor managerial human resource, lack of ability to tackle market uncertainty, and limited ability to improve product quality in order to expand market share. Thus, it is very much needed an in-depth analysis of managerial human resource quality of firms so as to propose solutions to enhance their growth as well as to stimulus economic development of the region. This paper is done on this purpose, using a primary data set directly collected from 450 firms in the MD, together with a secondary data set provided by relevant organizations (especially the General Statistical Office of Vietnam).

2 OVERVIEW OF FIRMS IN THE MD

Since the onset of *Doi moi* (renovation) policy in 1986, firms in Vietnam in general and in the MD in particular have begun to developt, both in and out of the country. The number of firms in the MD had increased significantly in the period of 2011-2013 (Table 1) although the economy has confronted hardships, resulted from unexepected fluctuations and challenges. In 2011, the number of firms increased fast (16.9%), but in 2012 the growth rate of the number of firms dropped to just 1% (i.e., the lowest of the period of 2011-2013), since there existed few start-ups while a large number of firms ceased operation for squeezed market shares and obstacles in getting access to external funds and labours with desired working skills.

Table 1: Number of firms in the MD

	2011		2012		2013	
	Number of firms	**Annual change (%)**	**Number of firms**	**Annual change (%)**	**Number of firms**	**Annual change (%)**
Vietnam	324,691	16.2	346,777	6.8	373,213	7.6
The MD	27,210	16.9	27,487	1.0	28,732	4.5
Long An	3,236	9.8	3,307	2.2	3,359	1.6
Tien Giang	2,813	15.0	2,884	2.5	2,989	3.6
Ben Tre	1,707	13.1	1,782	4.4	1,808	1.5
Tra Vinh	1,025	30.1	966	–5.8	1,138	17.8
Vinh Long	1,539	16.0	1,675	8.8	1,703	1.7
Dong Thap	1,713	27.2	1,773	3.5	2,032	14.6
An Giang	2,231	28.0	2,297	3.0	2,515	9.5
Kien Giang	3,412	14.9	3,491	2.3	3,479	–0.3
Can Tho	4,302	24.2	3,927	–8.7	3,804	–0.1
Hau Giang	887	21.0	1,002	13.0	1,217	21.5
Soc Trang	1,297	5.1	1,312	1.2	1,490	13.6
Bac Lieu	892	17.8	873	–2.1	896	2.6
Ca Mau	2,156	6.7	2,198	2.0	2,302	4.7

Source: General Statistical Office of Vietnam (2014).

Can Tho, Kien Giang, Long An, Tien Giang and Ca Mau have a relatively large number of firms in operation, as opposed to other provinces such as Tra Vinh, Bac Lieu and Hau Giang. Firms concentrating in these strong economic localities will create an engine for the economic development of the MD, but those provinces that have too few firms may face hardships in speeding up the industrialization and modernization strategy, resulting in backward economic development and low income.

Total number of labours working for firms in the MD in 2013 was of 869,711 people (increasing by 74,271 people compared to 2011), confirming the pivotal role of firms to jobs and income of labours in the region (Table 2). It is noted that the number of labours working for firms in Soc Trang and Can Tho had gone down continuously. In 2013, firms in Soc Trang lost 2,850 people in comparison with 2011 and Can Tho lost 4,043 people, since firms in these two localities were in favour of less promising and traditional industries (i.e., fisheries and food processing). In contrast, Tien Giang and Long An added up 24,524 and 19,538 people to their labour force, respectively, to ambitiously become industrial hubs of the MD.

Despite being located at the heart of the MD, Can Tho city has a low increase in the number of labours working for firms. Compared to 194,395 people working for 3,359 firms in Long An, 94,279 people working for 3,804 firms in Can Tho imply that firms in this city are of small size. In addition to labour, capital is also crucial for firms. Table 3 reveals a tendency of an increasing capital base of firms in the MD in the period of 2011-2013.

Table 2: Labours of firms in the MD

	2011		2012		2013	
	Number of labours (people)	**Annual change (%)**	**Number of labours (people)**	**Annual change (%)**	**Number of labours (people)**	**Annual change (%)**
Vietnam	10,895,600	10.8	11,084,899	1.7	11,565,915	4.3
The MD	795,440	13.6	813,199	2.2	869,711	6.9
Long An	174,857	13.7	178,614	2.1	194,395	8.8
Tien Giang	97,370	30.8	110,443	13.4	121,894	10.4
Ben Tre	46,896	35.6	51,073	8.9	57,347	12.3
Tra Vinh	36,044	14.2	41,804	16.0	47,004	12.4
Vinh Long	52,063	15.4	51,126	–1.8	52,871	3.4
Dong Thap	52,502	–1.2	57,941	10.4	59,718	3.1
An Giang	58,067	20.4	55,998	–3.6	58,108	3.8
Kien Giang	60,381	8.7	58,606	–2.9	57,231	–2.3
Can Tho	98,322	2.0	94,344	–4.0	94,279	–0.1
Hau Giang	22,101	39.1	24,104	9.1	32,433	34.6
Soc Trang	32,077	–5.1	29,485	–8.1	29,227	–0.9
Bac Lieu	19,784	39.7	19,343	–2.2	21,278	10.0
Ca Mau	44,976	3.6	40,318	–10.4	43,926	8.9

Source: General Statistical Office of Vietnam (2014)

Table 3: Capital of firms in the MD

	2011		2012		2013	
	Amount (billion VND)	***Annual change (%)***	***Amount (billion VND)***	***Annual change (%)***	***Amount (billion VND)***	***Annual change (%)***
Vietnam	13,622,801	36.6	15,228,256	11.8	17,764,438	16.7
The MD	607,852	49.5	704,186	15.8	771,944	9.6
Long An	133,292	54.8	152,447	14.4	169,073	10.9
Tien Giang	36,610	47.7	50,403	37.7	51,619	2.4
Ben Tre	23,360	25.4	18,876	–19.2	18,500	–2.0
Tra Vinh	10,603	35.8	12,654	19.3	16,712	32.1
Vinh Long	19,947	48.0	22,286	11.7	22,766	2.2
Dong Thap	38,939	32.5	47,151	21.1	49,534	5.1
An Giang	50,936	72.3	52,751	3.6	58,934	11.7
Kien Giang	40,023	37.8	46,220	15.5	53,585	15.9
Can Tho	99,975	55.5	111,745	11.8	123,374	10.4
Hau Giang	56,500	89.0	75,363	33.4	90,978	20.7
Soc Trang	33,877	72.6	36,587	8.0	36,205	–1.0
Bac Lieu	8,388	66.1	9,647	15.0	7,330	–24.0
Ca Mau	55,402	14.4	68,056	22.8	73,332	7.8

Source: General Statistical Office of Vietnam (2014)

According to Table 3, the average capital of firms in the MD in 2013 was of VND 771,944 billion (compared to VND 607,853 billion in 2011). Over three years, the average capital of firms had increased by VND 164,092 billion (27%), indicating that firms had intentially opted for expanding despite the previously mentioned difficulties. However, the growth rate of capital of firms had decreased during that period, from a peak of 49.5% in 2011 down to a trough of 9.6% in 2013. In two years of 2011 and 2012, capital of firms in the MD had gone up faster than that of the country as a whole, but in 2013 things reversed (the growth rate of capital of firms of the country was of 16.7% compared to 9.6% of firms in the MD). Despite a relatively high growth rate of capital, medium and small-sized firms have still accounted a large portion of firms in the MD.

Table 4: Number of firms by capital in the MD (2013)

	Number of firms	Medium and small-sized firms		Large firms	
		Number of firms	% of total	Number of firms	% of total
Vietnam	373,213	347,054	93.0	26,159	7.0
The MD	28,732	27,183	94.6	1,549	5.4
Long An	3,359	2,869	85.4	490	14.6
Tien Giang	2,989	2,862	95.8	127	4.2
Ben Tre	1,808	1,751	96.8	57	3.2
Tra Vinh	1,138	1,092	96.0	46	4.0
Vinh Long	1,703	1,644	96.5	59	3.5
Dong Thap	2,032	1,947	95.8	85	4.2
An Giang	2,515	2,413	95.9	102	4.1
Kien Giang	3,479	3,383	97.2	96	2.8
Can Tho	3,804	3,543	93.1	261	6.9
Hau Giang	1,217	1,159	95.2	58	4.8
Soc Trang	1,490	1,433	96.2	57	3.8
Bac Lieu	896	869	97.0	27	3.0
Ca Mau	2,302	2,218	96.4	84	3.6

Source: General Statistical Office of Vietnam (2014)
Firm size is specified according to Decree 56/2009/NĐ-CP on 30/6/2009 of the Government

As revealed by Table 4, firms in Can Tho have a smaller capital base compared to those in Long An. Long An ranks top in terms of the number of large firms with 490 firms (out of 1,549 fims of the MD or 14.6%). Small size had impeded the development of firms in the MD. In the period of 2011–2013, firms in the region speeded up investment in fixed assets, regardless of the afore-mentioned difficulties. In fact, fixed assets had grown at the fastest rate of 47.9% in 2011 and dropped to merely 10.3% in 2012, as a consequence of output market uncertainty, lack of external funds and limited investment, among others.

Table 5: Fixed assets of firms in the MD

	2011		2012		2013	
	Fixed assets (VND billion)	Annual change (%)	Fixed assets (VND billion)	Annual change (%)	Fixed assets (VND billion)	Annual change (%)
Vietnam	5,590,695	20.0	6,097,038	9.1	7,623,121	25.0
The MD	233,402	47.9	257,395	10.3	320,415	24.5
Long An	57,370	44.9	59,973	4.5	61,793	3.0
Tien Giang	13,959	40.4	19,367	38.7	22,068	13.9
Ben Tre	10,661	121.0	8,247	–22.6	8,389	1.7
Tra Vinh	4,076	40.8	4,742	16.3	6,517	37.4
Vinh Long	7,038	10.8	7,404	5.2	7,565	2.2
Dong Thap	13,039	29.5	13,791	5.8	14,535	5.4
An Giang	16,070	48.8	14,873	–7.4	15,026	1.0
Kien Giang	15,100	44.5	18,329	21.4	21,562	17.6
Can Tho	39,746	40.4	37,343	-6.0	74,278	98.9
Hau Giang	25,514	469.4	28,871	13.2	43,233	49.7
Soc Trang	5,676	5.5	6,289	10.8	9,455	50.3
Bac Lieu	2,922	32.4	3,256	11.4	3,937	20.9
Ca Mau	22,231	–1.1	34,910	57.0	32,057	–8.2

Source: General Statistical Office of Vietnam (2014)

Notably, over three years from 2011 to 2013, firms in Hau Giang had succeeded in raising fixed assets by eight times. Firms in five out of the remaining provinces/city in the region got a growth rate of fixed assets between 103% and 162%. This achievement has created solid platform for later growth and profits of firms, especially if the managerial human resource quality is enhanced accordingly. The issue of how to use those precious financial resources as efficiently as possible is essential but hard to tackle though.

In the period of 2011-2013, firms in the MD had positive sales growth (Table 6). Particularly, in 2011 sales of firms was up at a remarked growth rate of 35.6%. Two years later, the growth rate of sales dropped drastically, especially in 2012 sales of those firms increasing by a mere of 4.2%, due to hardships facing the economy and market uncertainty. In two years of 2012 and 2013, the growth rate of sales of firms of the country also dropped to 8.4% and 9.3% from a peak of 37.5% in 2011.

Table 6: Sales of firms in the MD

	2011		2012		2013	
	Sales (VND billion)	***Annual change (%)***	***Sales (VND billion)***	***Annual change (%)***	***Sales (VND billion)***	***Annual change (%)***
Vietnam	10,301.985	37.6	11,167.845	8.4	12,201.747	9.3
The MD	808.627	35.6	842.993	4.2	919.133	9.0

Source: General Statistical Office of Vietnam (2014)

Firms in the MD have proved their important role in raising income for labours. In the period of 2011-2013, income of labours in the region got the fastest growth rate of 44.5% in 2011 (compared to 27.2% of firms in the country). The growth rate of income per month of labours in the MD was also impressive with a peak of 28.2% in 2011. Income per month of the labours was up from VND 2.7 million per person in 2011 to VND 4.4 million in 2013 (i.e., about four times of the minimum wage mandated by the Government). This would mean that living standard of labours of firms had improved considerably (since annual inflation rates in 2012 and 2013 were of just one digit) and helped strengthen the key role of firms to the MD's economy. Thus, it is urgent to develop firms so as to boost economic growth of the region.

However, it can be seen that profit of firms in the MD was relatively low. Before-tax profits of firms decreased over three years from 2011 to 2013, with a steep drop of 6.3% in 2011 and a flat drop of 2.1% in 2013 (Table 7). The growth rate of before-tax profit of firms in the MD was also lower than that of firms of the country, especially in 2013 while before-tax profit of firms of the country increased by 36%, that of firms in the MD dropped by 2.1%. This is a result of unwise strategies and decisions of firm managers toward market uncertainty. The hardships facing the economy and firms had also emerged as big challenges to firms in the MD.

Table 7: Before-tax profit of firms in the MD

	2011		2012		2013	
	Amount (VND billion)	***Annual change (%)***	***Amount (VND billion)***	***Annual change (%)***	***Amount (VND billion)***	***Annual change (%)***
Vietnam	334,407	–6.1	358,937	7.3	488,273	36.0
The MD	21,099	–6.3	19,844	–5.9	19,426	–2.1

Source: General Statistical Office of Vietnam (2014)

Table 8 reveals a decrease in the returns on sales (ROS) of firms in the MD for the period of 2011-2013. In those three years, this indicator of firms in the MD was always lower than that of firms of the country, implying that firms in the region had failed in triggering profits using valuable resources in a proper manner. This finding can be explained by the fact that a number of firms in the MD had specialized in the agricultural sector and were too small to economize on scale.

Table 8: ROS (%) of firms in the MD

	2011	2012	2013
Vietnam	3.16	3.13	3.91
The MD	2.57	2.32	2.09

Source: General Statistical Office of Vietnam (2014)

In sum, in the period of 2011-2013 firms in the MD had increased in the number and size, contributing largely to the region's economy in terms of creating jobs, improving income for labours and raising governmental revenues. However, the efficiency of firms in the MD has been decreasing over time, reflected in two criteria of before-tax profit and ROS. Limited capacity of firm managers is supposed to be the main reason of this weakness, in addition to fluctuations and challenges stemming from economic hardships facing the economy. In order to smooth operations, firms have to pay bribes (as many as 44.6% of the surveyed firms did that with an average amount of bribes of VND 115.7 million per year). In addition, unfair competition among firms of different ownerships also imposes constraints on non-state firms (VCCI, 2013). Finally, firms have to meet too many cumbersome bureaucratic procedures in order to sustain businesses, which seems too costly for them.

3 STATUS QUO OF MANAGERIAL HUMAN RESOURCE QUALITY OF FIRMS IN THE MD

Managerial human resource is composed of professional knowledge obtaining from higher education and short training, in addition to experience and age of firm managers. In the recent years, the Government has intentionally invested a lot in the national education and training system in order to enhance the quality of managerial human resource of firms. Yet, this aim has not been met, thus this section is to analyze these aspects of firm managers (i.e., professional knowledge, short training attending and age) in order to reveal the managerial human resource quality of firms in the MD.

According to the survey on 450 firms in the MD, there are as many as 114 managers (approximately 25.3% of total number of the surveyed firms) who have not got bachelor degree (Table 9). This would mean that more than one fourth of the firms have been managed by those of limited professional knowledge. This backwardness impedes the development of firms due to limited growth and efficiency.

Table 9: Professional knowledge of firm managers in the MD

Indicators	Below bachelor		Bachelor or higher		Total (people)
	Number of managers	% of total	Number of managers	% of total	
Total	114	25.3	336	74.7	450
Firm size					
Medium and small	108	30.3	249	69.7	357
Large	6	6.5	87	93.5	93
Firm ownership					
State-owned	0	0.0	15	100.0	15
Joint stock	4	3.2	122	96.8	126
Limited liability	30	17.5	141	82.5	171
Sole proprietorship	80	58.0	58	42.0	138

Firms of different sizes have a relatively large disparity in professional knowledge of managers. According to Table 9, up to 30.3% of managers of medium and small-sized firms have not got bachelor degree, compared to 6.5% of large firms. This gap explains the low growth rate of sales of medium and small-sized firms. The same story holds for firms with different ownerships. For state-owned ones, the recruitment and appointment of high ranking managers must oblige stringent criteria specified by the Government, thus 100% of those managers have got bachelor degree or higher. Joint-stock firms have also opted for choosing managers with higher degrees to appoint because of the aim of maximizing profit, growth and firm value for shareholders. Table 9 reveals that only have 4 managers of joint-stock firms not got bachelor degree (accounting for 3.2% of managers of those firms), while as many as 122 managers (96.8%) have got bachelor degree or higher. Sole proprietorship firms seem to be the worst in terms of professional knowledge as there are as many as 80 managers (58%) have not got bachelor degree and only 58 managers (42%) are bachelor graduates.

Managers with higher degree are better able to accumulate better knowledge useful for managerial works, especially when competition turns tough. However, one should not forget about short trainings offered by relevant organizations, including those set up by the Government. Indeed, participating in short trainings will enable firm managers to acquire updated knowledge as well as information (i.e., a important factor in business environments largely exposed to fluctuation and uncertainty), thereby being able to better make use of business opportunities to obtain the specified growth rate and profit purpose (Mintzberg and Waters, 1982; Chandler and Jansen, 1992). Short trainings also help firm managers better grasp the demand of customers, input suppliers and market preferences on product quality that is much needed for firms (Gimeno *et al*., 1997). In addition, by attending short trainings, firm managers will have chances to keep in touch with customers, suppliers and government officials who often provide valuable information on opportunities as well as new policies of the Government (Tu and Diem, 2016). According to the survey, 50 out of 450 firm managers (11.2%) have not attended any short trainings at all (Table 10). There are 308 managers (68.4%) have attended one to 15 short trainings, and 92 managers have attended more than 15 short trainings, accounting for approximately 20.4% of total number of the surveyed managers.

Table 10: Short trainings attended by managers of firms in the MD

Ownership	Number of short trainings attended by firm managers					
	None		1-15		More than 15	
	Number of managers	% of total	Number of managers	% of total	Number of managers	% of total
Total	50	11.2	308	68.4	92	20.4
State-owned	0	0.0	13	86.7	2	13.3
Joint-stock	6	4.8	74	58.7	46	36.5
Limilted liability	10	5.8	124	72.5	37	21.6
Sole proprietorship	34	24.6	97	70.3	7	5.1

Managers of sole proprietorship firms not only had limited professional knowledge but also attended remarkedly few short trainings. According to Table 10, about one fourth of managers of those firms (24.6%) have not attended any short trainings at all while all managers of state-owned ones did. This shortcoming places sole proprietorship firms at a disadvantage compared to other firms in terms of competitiveness. Managers of joint-stock firms make up the largest part of those attending more than 15 short trainings (36.5%), followed by liability-limited firms with 37 managers (21.6%). This finding would mean that managers of joint-stock and liability-limited firms have well perceived of benefits of professional short trainings.

According to Table 11, firm managers of age between 31 and 45 account for as much as 45.4% of total number of the surveyed managers, followed by age between 45 and 55 (38.2%). Managers older than 55 or younger than 30 years make up just 12.2% and 4.2% of the managers, respectively. There are few managers below 30 years old since, according to traditional norms, it is too young for those entrepreneurs to start up own business or take up high ranking positions because of lack of experience and trust of business partners. Managers older than 55 years old are also rare due to bad health and/or retirement incentive.

Table 11: Age of firm managers in the MD

Age (years old)	Number of managers		% of total	
Younger than 30	19		4.2	
31-45	204		45.4	
46-55	172		38.2	
Older than 55	55		12.2	
Ownership	*Average age*	*Youngest*	*Oldest*	*Total*
State-owned	46.9	37	59	15
Joint-stock	48.5	31	69	126
Liability limited	43.1	26	63	171
Private	45.3	20	70	138

There is not much gap in terms of manager age among firms with different ownerships (Table 11). However, sole proprietorship firms have the youngest managers and state-owned ones have the eldest. As for state-owned firms, managers who qualify for being appointed to top ranking positions should meet stringent requirements on experience, professional knowledge and age (upper limit) mandated by the Government, thus only few young managers are able to qualify for it. Youngest managers of state-owned firms is of 37 years old (i.e., the highest compared to that of managers of firms of other ownerships). In contrast, sole proprietorship firms have youngest managers because some young entrepreneurs have got financial and mental supports from relatives, friends and organizations to start up own businesses, both for making profits and for gathering experience to be used later on.

Due to the regulation on retirement age, the highest age of managers of state-owned firms in the MD is 59 years old. There is no such regulation for firms of other ownerships, so their eldest managers are more than 60 years old. This is also a consequence of the fact that non-state firms have tended to recruit retired managers of state-owned firms or retired government officials so as to make use of their managerial skills, experiences as well as social capital (i.e., intimate relations created out of their long-time working as managers). Since relationships play an important role in Vietnam, this wise approach is valuable in terms of bringing in advantages for firms.

The number of years at work of firm managers (i.e., experience) is quite similar to the distribution of age of firm managers (i.e., no much gap among firms of different ownerships). The smallest number of years at work of the managers is of 6 for state-owned firms, much higher than that of the remaining firms (just 1-2 years on average), since state-owned firm managers have to qualify for standards on experience if wished to be appointed to top managerial positions. Less experience seems to be a disadvantage of firms (especially sole proprietorship ones) since empirical studies (such as Bruderl *et al*., 1992; Boden and Nucci, 2000) have shown that it is experience of managers that will help trigger firm growth. Indeed, experience enables managers to better figure out good business opportunities, tackle challenges and improve ability to analyze and controll market risks, which Vietnam (2014)5 business strategies so as to utilize of all scarce resources for growth and efficiency (Watson *et al*., 2003).

Table 12: Number of years at work of firm managers in the MD

Ownership	Average	Standard deviation	Minimum	Maximum
State-owned	13.7	7.3	6.0	35.0
Joint-stock	12.7	8.0	1.0	35.0
Liability limited	8.9	5.8	1.0	30.0
Private	10.9	7.0	2.0	45.0

The above analysis reveals the disparity in professional knowledge, short-training participation, age as well as experience of firm managers in the MD (i.e., components of managerial human resource quality). This explains the growth rate gap among firms of different sizes, as clearly confirmed by the information in Table 13[2]. Indeed, the growth rate of medium and small-sized firms in 2013 was 17.2% per year, much lower than that of 26.5% for large firms. As to ownership, joint-stock firms got the highest growth rate of 24.6% per year in 2013, followed by state-owned ones (22.9%), limited-liability firms (19.8%) and sole propietorship firms (13.7%).

Table 13: Annual growth rate of sales of firms in the MD (%)

Type of firms	Average	Standard deviation	Min	Max
Firm size[1]				
Medium and small	17.2	15.4	15.6	18.8
Large	26.5	16.0	23.2	29.8
Ownership[2]				
State-owned	22.9	22.0	–12.6	89.0
Joint-stock	24.6	18.7	–25.0	96.2
Liability limited	18.8	14.3	–16.7	92.6
Sole proprietorship	14.0	12.3	–16.7	69.2

[1] The methods of t-test and ANOVA show statistically significant differences among firm ownerships and sizes regarding annual growth rate of sales. The results will be provided on request

The analysis also shows that sole proprietorship firms have grown slowly, due to limited human resource quality regarding professional skills, short training participation, experience and age. Another explanation for the gap in the growth of firms is related to the business environment, including such obstacles as tax, unfair competition and disadvantage of several firms in getting access to land and external funds, thereby resulting in inefficiency and poor capacity as to firms.

4 CONCLUSIONS AND SOLUTIONS

4.1 Conclusions

In the period of 2011-2013, despite the economic slowdown, firms in the MD had shown a positive growth in terms of number, size as well as capital. They have remarkedly contributed to economic growth of the region, created jobs and raised income of labours. Yet, they have been faced with a drop in efficiency and in the growth rate of sales, as a consequence of limited managerial human resource quality, among others. Indeed, the discrepancy in the growth rate of sales of firms can be explained by such components of managerial human resource quality as professional skills, short-training attendance, experience, and age.

Managerial human resource quality has attracted much investment from both firms and the Government. Thanks to that, about three fourths of firms in the MD have been managed by competent managers, thus having high growth rates of sales. Yet, it should be noted that the weaknesses of sole proprietorship and medium and small-sized firms are obvious due to poor managerial human resource quality. This has resulted in low growth rate of sales of the whole firm community, since sole proprietorship firms account for a large portion of total number of firms in the MD. As indicated, business environment has also affected growth and efficiency of firms. Although in the period of economic restructuring, the Gorvernment has tried to improve the business environment, but the results have not been as promising as expected. The factors such as bribing, unfair competition and cumbersome bureaucratic procedures have hindered growth opportunities and efficiency of firms in the MD.

4.2 Solutions

Based on the findings, solutions for enhancing the quality of managerial human resource are proposed so as to stimulate growth and development of firms in the MD in particular and in Vietnam in general.

Firstly, the Echelon theory as well as other studies have identifed the importance of professional knowledge to firm managers. However, sole proprietorship firms, making up a large part of firms in the MD, have been managed by managers of limited professional knowledge. Moreover, quite a few sole proprietorship firms have paid sufficient attention to updating knowledge via attending short trainings. Therefore, in-service and distance trainings currently offered should be upgraded and standardized so as to attract more untrained firm managers. Short trainings are efficient solutions for providing entrepreneurs with knowledge and relevant information, therefore enabling them to better manage firms in order to obtain high growth rates. It is more important that short trainings should be aimed at helping managers renovate the way of thinking to adapt to ever changing economic environments, especially in the period of globalization and integration.

In Vietnam as well as in the MD, there are many organizations established to support firms. Those organizations can strengthen the activity of providing short trainings. Topics of those trainings should be well selected to develop managerial skills, renovate economic perceptions and provide more relevant knowledge for firm managers. In addition, topics of short trainings should also be about change management (i.e., key aspect for firm managers nowadays). In addition, knowledge about economic integration useful for firm managers should also be added to training programs.

Secondly, it is also important to give intensive supports to start-up activity for young entrepreneurs who have got good trainings from prestigous unversities. This survey reveals that there are young ambitious entrepreneurs but afraid of failing because of the lack of supports from relevant organizations. Thus, start-up training programs should provide them with knowledge to develop and well manage their businesses, thereby triggering the growth of firms. The Government has tried to integrate the country to the world economy via joining several free trade organizations. This is great chances for firms to exploit foreign markets but also to require firm mamangers to well perceive the opportunities and take proper activities in order not to miss precious chances to start up their own businesses.

Thirdly, the Government may consider improving policies to create a better business environment for firm managers to develop professional skills but not waste much time just to meet bureaucratic procedures that have deprived firms of much valuable resources, energy and incentive. Recently, although the Government has tried to improve the business environment, but the outcome has not been as good as expected. Bribing, unfair competition and cumbersome bureaucratic procedures have largely remained as obstacles to the development of firms. The Government may also provide firms with information about free trade agreements since it is an important part of knowledge and managerial human resource quality. Finally, it is urgent to establish of venture capital companies to support start-up activities that have proved successful in many countries.

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