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DEVELOPING SMALL ENTERPRISES AND CREATING EMPLOYMENT, INCOME OF THE POOR IN VIETNAM

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ABSTRACT

In economies, small enterprises account for a majority, associated with economic and social sectors serving people's livelihoods and serving local and national development goals. The important role of small enterprises is undeniable, because when small enterprises develop, the employment and income of local workers are improved, especially attracting the poor to participate in the labor market, thereby creating more job opportunities and income, improving the lives of the poor, contributing to reducing income inequality in society. In addition, the development of small enterprises also stimulates supporting industries, improves infrastructure and contributes to local and national budgets. Therefore, implementing policies to support small enterprise development is always necessary and meaningful for each locality and each country. In fact, supporting small business development is implemented through many policy measures, reflected in financial and non-financial support... In this study, the author analyzes policies to support small business development in terms of supporting management and operational capacity development and supporting production and business development; analyzing and evaluating the impact of these support policies on small business development and job creation and income for the poor. From the theoretical framework developed, the author surveyed the opinions of 480 small business managers in 3 localities representing 3 regions of Vietnam, including: Quang Ninh province (North), Nghe An province (Central), Tay Ninh province (South). The results of empirical research in Vietnam show that policies to support management and operational capacity development and support production and business development are important and have a direct impact, promoting small business development; improving jobs and income for the poor in the locality. From the results of that research, the author discusses research issues and solutions to promote small business development, which are meaningful and suitable to the economic and social characteristics in Vietnam today and in the future.

KEYWORDS: Small Enterprise; Employment; Income; Vietnam.

1. INTRODUCTION

Vietnam used to be a poor, low-income country, but is now on the path of strong development with an average GDP growth rate of 6.5%-7% in the past decade; total import-export turnover regularly exceeds 200% of GDP; in 2024, total import-export turnover of goods reached 786.29 billion USD, an increase of 15.4% compared to 2023, showing that Vietnam's economy is highly open and deeply integrated into the global economy; in 2025, the Government set a GDP growth target of 8.3-8.5% (VG, 2025), opening up opportunities for Vietnam to shorten the development gap with countries in Southeast Asia and Asia.

The above economic achievements demonstrate the efforts of the whole society, including the important role of small enterprises, because Vietnam has about 800,000 operating enterprises, of which 98% are small and medium enterprises, attracting more than 5.6 million workers, contributing about 45% of GDP and 31% to the total annual state budget revenue (Hung, L.N. et al., 2024). The development of small and medium enterprises creates over 60% of jobs for the economy (GSO, 2022), not only contributing to promoting economic growth and creating jobs, but also contributing to narrowing the gap between rich and poor in society. At the same time, small and medium enterprises play an important role in creating a balance in the level of development between regions and sustainable economic and social development; Small and medium-sized enterprises in rural areas attract many seasonal workers during the off-season, gradually shifting agricultural workers to industrial or service workers... (CPMMC, 2025).

Thus, in addition to its role in economic development, small enterprises also have a great impact on social development and local communities; play an important role in hunger eradication, poverty reduction policies, and improve workers' income. This is the main force exploiting niche markets that large corporations and enterprises do not pay attention to or do not invest in development. In addition, the development of small enterprises has mobilized maximum resources among the people to serve economic and social development; stimulate supporting industries, improve infrastructure and contribute to the local budget.

The fact is that small enterprises have the characteristics of small capital, small scale of production and business, but attract and create jobs mostly in the country, so implementing policies to support the sustainable development of small

enterprises is a very meaningful issue for both enterprises and society. In particular, when small enterprises are supported to develop in rural areas and difficult areas, they can effectively help reduce poverty in the locality through sustainable employment opportunities for low-income workers.

In that context, this study focuses on analyzing the role of small enterprises in creating jobs and income for the poor in Vietnam; developing small enterprises through support policy tools, including: Support for developing management and operational capacity and Support for production and business development; analyzing and evaluating the impact of these support policies on the development of small enterprises and creating jobs and income for the poor.

2. LITERATURE REVIEW

According to many international organizations, the criteria for small enterprises often refer to the size of the workforce, total assets and annual revenue, such as less than 50 employees and annual revenue below a specific threshold for each country (OECD, 2019); less than 50 employees and revenue or total assets not exceeding 10 million EUR (EC, 2020); less than 100 employees, annual revenue under 3 million USD and total assets not exceeding 3 million USD (WB, 2020). In Vietnam, small enterprises are also identified with similar criteria and by sector. Specifically, small enterprises in the fields of agriculture, forestry and fisheries, industry and construction - the number of employees is from 10-100 people, annual revenue not exceeding 50 billion VND or total capital not exceeding 20 billion VND (1 million USD is equivalent to about 24 billion VND); Small enterprises in the field of trade and services - number of employees from 10 to 50 people, annual revenue not exceeding 100 billion VND or total capital not exceeding 50 billion VND (VG, 2021).

Although small in size and assets, small enterprises have a large number and play an important role in the economy, contributing to job creation and promoting local economic growth. According to Cedefop (2016), small enterprises are often limited in many resources and need support in accessing capital, technology and labor training to produce, do business and improve productivity, and improve competitiveness in the market. OECD (2021) believes that small enterprises often face difficulties in building strategies, managing finances and controlling risks; if supported in management and operation capacity, enterprises will operate more effectively, contributing to creating more stable job opportunities for workers, especially for poor

workers. Therefore, supporting small enterprises to develop management and operation capacity and supporting production and business development is one of the key factors to help enterprises develop sustainably and create jobs and income for the poor.

2.1. Support For Development of Management and Operational Capacity

In Vietnam, most small enterprises have difficulty accessing credit due to lack of collateral; in addition, low competitiveness, high financial risks, and lack of strategic direction are major obstacles that make it difficult for small enterprises to develop on their own, and they need support from state policies. SBV (2022) analyzed and pointed out that support for improving management and operational capacity plays an important role, helping small enterprises improve operational efficiency, increase labor productivity, and make better use of available resources.

Support for the development of management and operational capacity is explained in many diverse studies: Support for business planning and strategy capacity (Porter, 1990; Barney, 1991); capacity to organize, implement and monitor production and business activities to optimize resources, increase productivity and achieve strategic goals (Kaplan, et al., 1992); capacity to access and mobilize capital, financial planning, cash flow management, cost control, debt management and risk factor assessment (Smallbone, et al., 2002); financial and risk management capacity (Moyer, et al., 2017).

The above studies also generalize that support for developing management and operational capacity helps small enterprises control and optimize financial resources to ensure stability and sustainable development, while minimizing risks that may affect business operations; achieve long-term business goals and adapt to the competitive environment; help effectively manage cash flow, control costs, manage debt and assess risk factors that may impact business operations.

2.2. Support Of Development of Production and Business

Many studies analyze and emphasize that supporting production and business development helps small enterprises expand their market access opportunities, increase output and productivity; at the same time, it helps them expand employment opportunities and has a spillover effect on the local economy and society. Baumol (2004) and Naudé (2010) explain that when small enterprises are supported to expand production and business, they

are able to improve their production and business capacity and have more opportunities to attract more workers, helping many local people have more stable employment opportunities; this is especially important for rural areas where employment opportunities are limited.

Research by Baumol (2004), Naudé (2010) and recently by OECD (2021) has interpreted policy support for small enterprises in production and business focusing on the following main contents: Financial support for small enterprises; creating favorable conditions for small enterprises to expand production, business, attract labor; supporting and encouraging small enterprises to participate in community development and social responsibility. When supported to develop production and business, small enterprises will have easier access to the market, have more opportunities to link production and business and the ability to quickly adapt to market fluctuations.

2.3. Developing Small Enterprises and Creating Employment, Income of the Poor

Small enterprise development not only contributes economically, but also contributes socially, having a profound impact on local community development. Because, small enterprise development will promote skills training for workers, help them have stable employment opportunities, increase income and add tax responsibility to the state. And as explained by Cedefop (2016), when income increases, the rate of reinvestment in skills development also increases, creating a positive spiral in improving labor productivity and enhancing the competitiveness of small enterprises in the economy.

The above content is explained by many studies based on practical observations in a rich and diverse way. According to Blanchflower, et al. (1994), small enterprise development will create jobs, increase income for workers, thereby promoting local economic growth. Schneider (2011) believes that in the informal economic sector, small enterprises play an important role in creating jobs for the poor. Research by La Porta, et al. (2014) concludes that when small enterprises develop, they tend to increase wages for workers, helping to improve the living standards of workers, especially the poor. Todaro, et al. (2015) emphasize that small enterprise development leads to increased income for the poor; helps the poor improve their living standards and motivates them to participate in the formal economy, thereby promoting consumption and economic growth.

From another perspective, Banerjee, et al. (2011) found that the development of small enterprises can increase access to education and health care in poor communities; small enterprises are able to employ more local workers at lower costs than large enterprises, thereby expanding employment opportunities for disadvantaged groups. Similarly, Ayyagari, et al. (2014) argued that the development of small enterprises can create more job opportunities for unskilled workers, who have less access to jobs in large enterprises. However, small enterprises often face unstable employment, low income and unsafe working conditions; therefore, there is a need for policies to support small enterprises to develop sustainably, ensure stable employment and improve workers' rights (ILO, 2019). In fact, the quality of life of the poor depends not only on income but also on factors such as health, education, living conditions and social welfare. And according to UNDP (2020), the development of small businesses will positively impact the lives of the working poor through creating stable jobs and welfare programs for them.

In the context of Vietnam, the workforce in small enterprises is mainly low-skilled workers, with few opportunities for formal and professional training.

Therefore, developing small enterprises contributes to expanding training and improving vocational skills for workers and, as explained by Cedefop (2016), it plays an important role in helping workers escape poverty sustainably. Or, as explained by the WB (2018), small enterprises play an important role in training vocational skills for workers, especially in developing economies where the formal vocational education system has not fully met the needs of the market; that is the great contribution in the social aspect from the development of small enterprises.

Thus, supporting the development of small enterprises is not only of economic significance, but also of social significance, affecting the improvement of labor quality, creating jobs, income and improving the quality of life of the poor, creating a solid foundation for sustainable economic and social development. With that meaning, the hypothesis put forward in this study when conducting empirical research in Vietnam is: *Support for development of management and operational capacity (H1) and Support of development of production and business (H2) help Developing small enterprises and creating employment, income of the poor.*

Table 1: Theoretical Research On Developing Small Enterprises And Creating Employment, Income Of The Poor.

Research content	Related research	Developing new research scales
1. Support for development of management and operational capacity (MOC)		
Capacity for planning and production and business strategy	Porter (1990); Barney (1991)	MOC1. Small enterprises are supported, have promoted the ability to plan, business strategy and better utilize available resources, improve productivity, efficiency of production and business activities.
Ability to organize, implement and supervise production and business activities	Kaplan et al. (1992)	MOC2. Small enterprises are supported to develop their ability to organize, implement, and monitor production and business activities, optimize resources, and achieve productivity and efficiency in achieving strategic goals.
Financial and risk management capacity	Smallbone, et al. (2002); Moyer, et al. (2017).	MOC3. Small enterprises are supported and have promoted their ability to manage finance and risks; facilitate access, capital mobilization, financial planning, cash flow management, cost control for effective production and business.
2. Support of development of production and business (PAB)		
Financial support for small businesses	Baumol (2004); Naudé (2010); OECD (2021).	PAB1. Small enterprises are financially supported, have the opportunity to stabilize their finances to develop production, business and create more jobs for local workers.
Create favorable conditions for small businesses to expand production, business and attract workers.	Baumol (2004); Naudé (2010); OECD (2021).	PAB2. Small enterprises are supported, have favorable conditions to access the market, link to expand production, business, and attract labor.
Support and encourage small businesses to participate in community development and social responsibility	Baumol (2004); Naudé (2010); OECD (2021).	PAB3. Small enterprises are supported, have conditions to participate in community development, quickly adapt to market fluctuations to develop production and business.
3. Developing small enterprises and creating employment, income of the poor (EIP)		
Create jobs/employment opportunities for the poor, promote local economic growth	Blanchflower et al. (1994); Schneider (2011); Ayyagari, et al. (2014)	EIP1. The development of small enterprises has increased the number of jobs/employment opportunities for the working poor, promoting local economic growth.

Create stable income, improve the living standards of the poor, enhance their quality of life	Banerjee et al. (2011); La Porta, et al. (2014); Todaro, et al. (2015)	EIP2. The development of small enterprises has created stable income, improved the living standards of local poor workers; enhanced their quality of life and motivated them to participate in the formal economy.
Training and career development opportunities for the poor	Todaro et al. (2015); Cedefop (2016); WB (2018)	EIP3. The development of small enterprises has created opportunities for learning and developing professional skills, helping poor workers have stable jobs and career development.

Source: Compiled By the Author Through the Review

Through the overview study, the author identifies more clearly the theoretical content of small enterprise development and builds a theoretical model based on the inheritance and development of many previous research contents. The theoretical model includes 3 scales: "Support for development of management and operational capacity" (MOC),

"Support of development of production and business" (PAB), "Developing small enterprises and creating employment, income of the poor" (EIP) (Figure 1).

Research Model

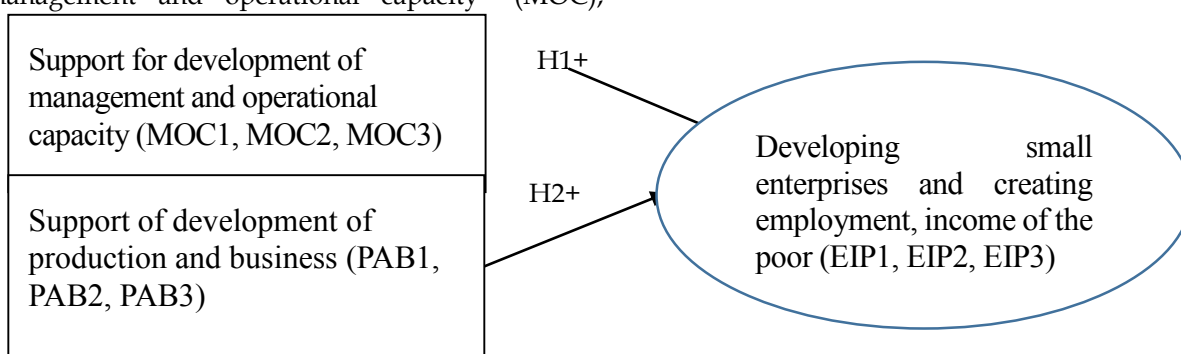


Figure 1: Research Model.

In the theoretical model (Figure 1), 3 scales including 9 observed variables, were designed by the author into 9 questions in the survey form and measured by a 5-level Likert scale: 1 - Strongly disagree; 2 - Disagree; 3 - No opinion; 4 - Agree; 5 - Strongly agree. The author conducted the survey to collect data for analysis, evaluation and conclusion of empirical research in Vietnam as originally set out.

3. RESEARCH METHODS

The author uses a combination of qualitative and quantitative research to achieve this research objective. Qualitative research is used when collecting and analyzing secondary documents to build a theoretical model. Quantitative research is used when collecting and analyzing primary data using survey tools to test the theoretical model and test the research hypothesis. The author conducts the survey in two steps, including a preliminary survey and an official survey.

- Preliminary survey: This study uses exploratory factor analysis and regression analysis to test the theoretical model and research hypothesis. The theoretical model of this study includes 03 scales and 9 observed variables; and according to Hair, J.F. et al. (2009), the minimum sample size required is: $N = 9 \times 5 = 45$. First, the author conducted a preliminary

survey in Quang Ninh province with a sample size of $N = 160$ ($N > 45$) small business managers. The results of the preliminary survey in Quang Ninh province show that the scales and observed variables are reliable enough to be used in an official survey on a larger scale.

- Official survey: The author conducted an official survey with a sample size of $N = 480$ small business managers from 3 localities representing 3 regions of Vietnam, including: Quang Ninh Province (North), Nghe An Province (Central), Tay Ninh Province (South) ($N > 45$). The survey was conducted selectively based on preliminary interviews and co-respondents; the results obtained 480/480 valid responses, achieving a response rate of 100%.

4. RESEARCH RESULTS AND DISCUSSION

From data collected through a survey of 480 small enterprise managers, the author tested the reliability of the scales and observed variables as a basis for conducting exploratory factor analysis and regression analysis. According to Hair, J.F. et al. (2009), scales are reliable when meeting the standard condition of Cronbach's $\alpha > 0.6$; observed variables are reliable when meeting the standard condition of Corrected Item-Total Correlation > 0.3 . The test results show that all 3 scales and 9 observed

variables in the theoretical model are reliable (Table 2).

Table 2: Statistical Results and Testing Results of The Scale.

Scales	Observed variables	N	Min	Max	Mean	Std. Deviation	Cronbach' Alpha	Corrected Item-Total Correlation
1. Support for development of management and operational capacity (MOC)	MOC1	480	1	5	4.18	.598	.701	MOC1 = .548
	MOC2	480	1	5	4.22	.614		MOC2 = .489
	MOC3	480	1	5	4.16	.635		MOC3 = .511
2. Support of development of production and business (PAB)	PAB1	480	1	5	4.06	.613	.655	PAB1 = .445
	PAB2	480	1	5	4.00	.621		PAB2 = .429
	PAB3	480	1	5	3.98	.646		PAB3 = .383
3. Developing small enterprises and creating employment, income of the poor (EIP)	EIP1	480	1	5	4.14	.652	.652	EIP1 = .547
	EIP2	480	1	5	4.09	.598		EIP2 = .501
	EIP3	480	1	5	4.12	.618		EIP3 = .395
Valid N (listwise)		480						

Source: Author's Survey Results

The statistical data in Table 2 shows that the observations of the scales "Support for development of management and operational capacity" (MOC), "Support of development of production and business" (PAB), "Developing small enterprises and creating employment, income of the poor" (EIP) are rated at an average level of Mean ≥ 3.98 , all of which are statistically significant according to the Likert scale (1-5). This shows that business managers evaluate the locality's implementation of support policies in both aspects of developing management and operational capacity and supporting production and business development, helping small enterprises have conditions and opportunities to develop and create jobs and income for the poor. Specifically, small enterprises that are supported to develop have contributed to increasing the number of jobs/employment opportunities for poor workers; help poor workers have stable income, improve living standards, learning opportunities, develop professional skills and motivate poor workers to participate in the formal economy, promote local economic growth.

In particular, the statistical data in Table 2 also shows a difference in the observed values of the scales. Accordingly, the observed values of the scale "Support of development of production and business" (PAB) are assessed at a lower level than the observed values of the scale "Support for development of management and operational capacity" (MOC): Mean (PAB1) = 4.06, Mean (PAB2) = 4.00, Mean (PAB3) = 3.98. This shows that there are still many small enterprises that have not been supported to develop production and business: They have not been financially supported to have the opportunity to stabilize their finances to develop production and business and create more jobs for local workers; they have not been supported to have

favorable conditions to access the market, link to expand production and business, and attract workers; have not been supported to have the conditions to participate in community development, quickly adapt to market fluctuations to develop production and business. Therefore, these small businesses still face difficulties and have not contributed much to local economic and social development.

The above empirical research results contribute to reflecting the reality of small enterprise development in Vietnam, similar to many comments and assessments of experts and managers. The study by Ven, L.P. et al. (2024) concluded that many small enterprises have difficulties in financial resources and market information; weak connectivity, so labor productivity and business efficiency are still low, and need timely policy support, especially in terms of capital. Similarly, according to Phong, N.M. (2025), many small enterprises have difficulties in capital or depend on credit capital, but most of it is short-term credit and it is difficult to meet the procedures, processes, and capital access flows, requiring the state to immediately have appropriate policies to support small enterprises in developing production and business.

With the test results meeting the standards, the 3 scales and 9 observed variables of the theoretical model can be used to perform the following analysis techniques. The author conducts exploratory factor analysis with Varimax rotation to preliminarily assess the unidimensionality, convergent value, and discriminant value of the scales to have more basis for drawing research conclusions about the suitability of the theoretical model. The results of exploratory factor analysis are shown in Table 3 and Table 4 below.

Table 3: Total Variance Explained.

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.753
Bartlett's Test of Sphericity	Approx. Chi-Square	2027.000
	df	36
	Sig.	.000

Total Variance Explained									
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.573	39.705	39.705	3.573	39.705	39.705	2.768	30.761	30.761
2	2.842	31.576	71.282	2.842	31.576	71.282	2.698	29.981	60.742
3	1.115	12.388	83.670	1.115	12.388	83.670	2.064	22.928	83.670
4	.490	5.444	89.113						
5	.423	4.704	93.817						
6	.198	2.202	96.019						
7	.173	1.922	97.941						
8	.129	1.439	99.380						
10	.056	.620	100.000						
Extraction Method: Principal Component Analysis.									

Source: Author's Survey Results

Table 4: Rotated Component Matrix

Rotated Component Matrix ^a				
Scales	Observed variables	Component		
		1	2	3
1. Support for development of management and operational capacity (MOC)	MOC1	.784		
	MOC2	.778		
	MOC3	.801		
2. Support of development of production and business (PAB)	PAB1		.757	
	PAB2		.764	
	PAB3		.793	
3. Developing small enterprises and creating employment, income of the poor (EIP)	EIP1			.798
	EIP2			.782
	EIP3			.796
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization. a. Rotation converged in 4 iterations.				

Source: Author's Survey Results

In terms of theory, exploratory factor analysis was performed in accordance with the data set shown through the values: $0.5 \leq KMO \leq 1$; Bartlett's test has an observed significance level of Sig. < 0.05; Eigenvalue ≥ 1 ; Total Variance Explained $\geq 50\%$; Factor Loading ≥ 0.5 (Hair, J.F. et al., 2009). The data in Table 3 and Table 4 show that:

- $KMO = 0.753 > 0.5$, confirming that exploratory factor analysis is appropriate for the data set; Bartlett's test has an observed significance level of Sig. = $0.000 < 0.05$, showing that the observed variables have a linear correlation with the representative factor. Total Variance Explained with Cumulative % = $83.670\% > 50\%$ (Table 3), showing that 83.670% of the variation of the representative factors is explained by the observed variables; the observed variables all have Factor Loading > 0.5 (Table 4), showing that the observed variables have good statistical significance. The theoretical research

model initially proposed is consistent with the survey research practice.

-The observed variables were extracted into 03 factors corresponding to the 03 initial factors with Eigenvalues > 1 (Table 3), continuing to confirm the suitability of the initial research model. And the initial research model was kept intact, including: 02 independent variables "Support for development of management and operational capacity" (MOC), "Support of development of production and business" (PAB) and 01 dependent variable "Developing small enterprises and creating employment, income of the poor" (EIP) with a total of 9 observed variables with good statistical significance, which can perform multivariate linear regression analysis to examine the relationship of variables in the model. The results of the regression analysis are shown in Table 5, which is the basis for the author to draw research conclusions.

Table 5: Multivariate Regression Results.

Coefficients ^a	
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Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	VIF
		B	Std. Error	Beta			
1	(Constant)	1.124	.211		11.569	.000	
	1. Support for development of management and operational capacity (MOC)	.549	.358	.522	9.647	.000	1.817
	2. Support of development of production and business (PAB)	.451	.301	.359	8.675	.000	1.832
a. Dependent Variable: Developing small enterprises and creating employment, income of the poor (EIP) Adjusted R Square: 0.727 Durbin-Watson: 2.106							

Source: Author's Survey Results

The data in Table 5 shows that:

+ R Square = 0.727, confirming that the scales "Support for development of management and operational capacity" (MOC), "Support of development of production and business" (PAB) explain 72.7% of the variation in the scale "Developing small enterprises and creating employment, income of the poor" (EIP); VIF = 1.817 and VIF = 1.832 ($1 < VIF < 2$), showing that the regression model does not have multicollinearity; Durbin-Watson = 2.106 ($1 < d < 3$), showing that the regression model does not have autocorrelation, confirming that the scales "Support for development of management and operational capacity" (MOC), "Support of development of production and business" (PAB) are independent and have an impact on the scale "Developing small enterprises and creating employment, income of the poor" (EIP), confirming the suitability of the theoretical research model with the survey data set.

+ The regression coefficients of the two independent variables "Support for development of management and operational capacity" (MOC), "Support of development of production and business" (PAB) are both statistically significant Sig. = 0.000 (Sig. < 0.05) and have positive values: B(MOC) = 0.549 and B(PAB) = 0.451, confirming the positive relationship between the two independent variables "Support for development of management and operational capacity" (MOC), "Support of development of production and business" (PAB) and 01 dependent variable "Developing small enterprises and creating employment, income of the poor" (EIP); hypotheses H1, H2 are accepted; the initial research model continues to be confirmed to be appropriate.

Based on the generalized regression model of Hair, J.F. et al. (2009): $Y = B_0 + B_1X_1 + B_2X_2 + \dots + B_iX_i + e$, the author determined the multivariate regression model of this study as follows: $EIP = 1.124 + 0.549 \cdot MOC + 0.451 \cdot PAB$

Based on the regression coefficient, it can be seen that the correlation level of independent variables and dependent variables in decreasing order is: "Support for development of management and operational capacity" (MOC), "Support of

development of production and business" (PAB). That contributes to further confirming the results of empirical research in Vietnam, that:

- Firstly, localities implement support policies in both the aspects of developing management and operational capacity and supporting production and business development, helping small enterprises have conditions and opportunities to develop and create jobs and income for the poor. Small enterprises that are supported to develop have contributed to increasing the number of jobs/employment opportunities for poor workers; helping poor workers have stable income, improving living standards, learning opportunities, developing professional skills and motivating poor workers to participate in the formal economy, promoting local economic growth.

- Second, there are still many small enterprises, despite difficulties, that have not been supported to develop production and business: They have not been financially supported to have the opportunity to stabilize their finances to develop production and business and create more jobs for local workers; they have not been supported to have favorable conditions to access the market, link to expand production and business, attract workers; they have not been supported to have conditions to participate in community development, quickly adapt to market fluctuations to develop production and business. Therefore, these small enterprises still face difficulties and have not contributed much to local economic and social development.

In terms of state management, supporting the development of small enterprises is a practical policy measure for the economic and social development of the country and localities. While small and medium enterprises account for 98% of the total number of enterprises in Vietnam, supporting the development of small production and business enterprises has a spillover effect on the local economy and society. Because when small enterprises are supported to expand production and business, they are able to improve their production and business capacity and have more opportunities to attract more workers,

helping many local people have more stable employment opportunities; this is especially important for rural areas where employment opportunities are limited.

From the above research conclusions, the author discusses policy solutions to support the sustainable development of small enterprises, contributing to the successful implementation of the strategic goals of economic and social development of the country and localities. Firstly, the Government and localities implement policies to support small enterprises to access technology and capital in an equal and convenient manner, reducing barriers in the loan process related to asset mortgage; this is the issue that

small enterprises are most concerned about, because it directly helps small enterprises to be more proactive in investing and implementing production and business activities. Secondly, the Government and localities implement policies to encourage households, small production and business households to change their operating models towards establishing small enterprises to officially implement production and business; At the same time, support households, small-scale production and business households to benefit from preferential policies on finance, tax and training, helping them to expand their production and business scale, access larger markets and contribute more to the economy.

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