

# SOME FACTS OF VIETNAMESE ENTERPRISES

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According to the Prime Minister's Decision No. 05/2002/QĐ-TTg dated January 4, 2002, the National Bureau of Statistics has conducted a general survey on economic entities and administrative agencies to collect data about their quantity, configuration, labor structure and basic operations. This investigation was undertaken nationwide in July 1, 2002. According to initial results, Vietnam had 2,726,149 businesses (not including farms, family agricultural production, forestry, aquaculture and enterprises under the control of the Ministry of Defense and the Ministry of Public Security) with a total working population of 8,230,625. As compared to the same period of 1995, the number of businesses increased 41.17%, and labor up 41.17%. The number of businesses and workers is indicated in the Table 1.

Over the seven years from 1995 to 2002, the amount of businesses rose 127.63%, or 12.47% per year due to positive effects of incentive policies for small and medium-sized enterprises in the process of economic industrialization and modernization. Especially since the promulgation of the Companies Law, there was a boom in newly-founded businesses, for example, up 35.2% from April 1, 2001 to July 1, 2002. The self-employed businesses saw a growth of 746,342 units and made up a large proportion in total businesses of the country (96.39% in 2002).

Following is the conclusion drawn from initial figures of the survey:

1. In respect of investment capital, foreign-invested enterprises grew in quantity faster than domestic ones. The figure increased from 692 to 2,014, up 191.04% while domestic ones increasing 125.82%.

The amount of state-owned enterprises (both of SOEs under central and local government) dropped from 7,090 in 1985 to 5,231 in 2002. The non-state enterprises experienced an increase from 17,143 in 1995 to 49,492 in 2002, or 4,621 per year and up 188.7% over 7 years.

2. Most of local enterprises were engaged in trade and services with 26,146 out of 54,723 enterprises, or 47.78% and 2.8 times higher than that of 1995. The enterprises in this sector usually required no huge capital and high technologies but their profit rates were higher than those in other sectors. In the meantime, most of foreign-invested companies concentrated on the manufacturing sector with 1,539 out of 2,014 enterprises, accounting for 76.42%.

3. According to figures in 2002, the country had 24,903 private businesses, accounting for 45.51% of

Table 1: The growth of businesses and labor

Configuration	Amount		Growth		Growth rate (%)	
	In 1995	In 2002	Compared to 1995	Annual average	Compared to 1995	Annual average
1. Enterprise	24,925	56,737	31,812	4,545	127.63	12.47
2. Dependent businesses	26,743	43,668	16,925	2,418	63.93	7.26
3. Self-employed businesses	1,879,402	2,625,744	746,342	106,620	39.71	4.89
<b>Total</b>	<b>1,931,070</b>	<b>2,726,149</b>	<b>795,079</b>	<b>113,583</b>	<b>41.17</b>	<b>5.05</b>

Table 2: The amount of businesses by industry

Industry	Subtotal	Domestic enterprises		Foreign-invested enterprises	
		Amount	Percentage	Amount	%
1. Agriculture, forestry, and fisheries	3,571	3,517	98.49	54	1.51
2. Manufacturing	14,154	12,615	89.13	1,539	10.87
3. Construction, communication, transport, and post	9,329	9,241	99.06	88	0.94
4. Trade and service	26,146	26,146	99.49	141	0.54
5. Others	3,204	3,204	94.35	192	5.65
<b>Total</b>	<b>56,737</b>	<b>54,723</b>	<b>96.45</b>	<b>2,014</b>	<b>3.55</b>



local businesses, 58.73% of these businesses invested in trade and services. The amount of limited liability companies was 18,733, or 34.23% of total domestic businesses, 49.07% of which were involved in trade and services.

5. The total workers were 3,230,625 persons, up 66.5% as compared to 1995. The workers in state-owned businesses rose 3.85%, in non-state enterprises up 225.01% and in foreign-invested companies up 509.22%.

investment capital, each SOE employed 353 workers and used VND119.5 billion in working capital on average, foreign-invested enterprise 296 workers and VND136.3 billion and non-state businesses 28 workers and VND3.4 billion.

**Table 3: Domestic businesses and their industries**

Configuration	Subtotal	Agriculture, forestry and fisheries	Manufacturing	Construction, communication, transport, post	Trade and services	Others
1. State enterprises	5,231	795	1,565	1,228	1,222	421
2. Cooperatives	3,853	27	1,328	1,050	495	953
3. Private businesses	24,903	2,549	5,009	2,383	14,625	337
4. Limited companies	18,733	106	4,120	4,098	9,192	1,219
5. Joint stock companies	1,989	40	590	477	608	274
6. Partnership	14	0	3	7	4	0
<b>Total</b>	<b>54,723</b>	<b>3,517</b>	<b>12,615</b>	<b>9,241</b>	<b>26,146</b>	<b>3,204</b>

4. The 2002 survey also shows out of 2,014 foreign-invested companies, there were 1,377 foreign-owned enterprises or 66.39%; 501 joint venture enterprises between state companies and foreign partners or 24.87% and 8.74% was other joint ventures between other sectors and foreign partners.

Foreign-invested companies invested mainly in the manufacturing sector which required huge capital and high technologies with an amount of 1,539 companies, accounting for 76.42% while there are only 54 enterprises involved in agriculture, forestry and fisheries, accounting for 2.68%

The total investment capital of businesses increased 324.2% as compared to 1995; including SOEs up 249.5%; non-state enterprises up 982% and foreign-invested companies up 480.8%.

In spite of increasing amount of labor and investment capital, Vietnamese business scale remained small in 2002. Each business had 68 employees and VND18.8 billion in working capital. In respect of industries, the manufacturing sector had the largest size but the average employment and capital were 153 persons and VND 32.2 billion respectively per business. Regarding

The above difference in labor and capital also leads to the large gap in assets. The value of fixed assets per worker was VND365 million on average in foreign-invested companies; VND97.6 million in SOEs and VND32.5 million in non-state enterprises.

The above facts reveal that Vietnamese businesses are still of small size, especially non-state businesses (each has 12 workers and VND0.89 billion in capital on average). The value of their assets also remains too low. These indicate disadvantages of Vietnamese businesses in the process of international integration. ■

