

PROMOTING THE DOMESTIC PRIVATE ENTERPRISES IN THE NORTH CENTRAL REGION: THE CURRENT SITUATION AND PROBLEMS

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Abstract

Based on Barney's Resource-Based Theory of the firm and uses data on enterprises from official sources provided by the General Statistics Office namely annual enterprise survey data (period 2011-2018), the Provincial Competitiveness Index (PCI) by VCCI Vietnam, this article analyzes and clarifies the current situation of enterprise development of domestic private enterprises in the North Central region focusing on the following indicators and criteria: number of enterprises, structure enterprises by geographical areas, fields, capital and employment size; business efficiency via ROA and ROE targets; PCI index. Thereby highlighting the hindrances, limitations, and problems of enterprises in the domestic private sector in the North Central region and proposing suitable solutions in the years to come.

Keywords: *Enterprise, private economy, North Central Region, efficient operation*

1. Introduction

Since the 6th National Congress (1986), with comprehensive reforms, the Congress has set out policies for multi-sector economic development. After the 7th (1991), the 8th (1996), the 9th (2001), the 10th (2006), the 11th (2011), and especially the 12th National Congress (2016), our Party determined "The private economy is an important driving force of the economy". This is an important step in the Party's awareness regarding the position of the private economy in Doi Moi period, from recognizing private sectors to creating conditions for the development of the private economy. And after 35 years of innovating, the private economy has made great contributions to socio-economic development and brought about remarkable success. The private economy quickly affirmed its position and role in each stage of the country's development. The private sector accounted for the largest

GDP share during the period 1995-2017, ranging from 38-43%. However, in recent years, the proportion has decreased, from 43% (1995), to 39% (2010) and 38% (2017).

However, in Resolution No. 10 - NQ/TW of the 12th Central Committee of the Party, it was pointed out that "the private economy has not yet met its role as an important driving force of the economy" and the private sector is also facing many difficulties and limitations. Therefore, a proper assessment of the current situation, influencing factors, and problems on the development of the private sector, with a focus on domestic enterprises, from which to make recommendations on policies and solutions are needed. And development issues of the private sector need to be considered and evaluated for each economic region or specific localities.

The North Central Region is one of the seven economic regions of Vietnam, an important connection point in the strategic development axis of the Vietnamese economy, and a bridge between the key economic regions of the North as well as the South, an area linking Vietnam with Laos and Cambodia. The North Central Region consists of 6 provinces: Thanh Hoa, Nghe An, Ha Tinh, Quang Binh, Quang Tri and Thua Thien Hue; with an area of 51.5 thousand km² (16.5% of the whole country), a population of 10.6 million people (15% of the whole country). However, the proportion of enterprises to the total population of the region is only 5.5%, illustrating that the development level of enterprises in this area is only 1/3 of the national average. Even though the number of enterprises compared to the whole country is modest, the natural resources of this area are quite diverse, rich, and outstanding in terms of sea, islands, deep-water bays, hills, lakes, waterfalls, cultural and historical heritages, border, etc., these are favorable conditions for the development of a general economy with many key industries such as tourism, health care, education, manufacturing, and organic agriculture. The North Central economic region has had many important shifts in economic structure and development orientation, which is industrial development in the direction of increasing the proportion of trade - services, together with high-tech agriculture, and forming a consumption supply chain, the industrial sector focuses on attracting high-tech production, energy development and deep processing. However, all localities have a low starting point compared to other economic regions, the quality of regional economic growth is unsustainable, insignificant, the economic restructuring remains slow, the industry is ineffective and unsustainable, the growth engine of the region is weak and unsustainable. The development institution has not been synchronized, the marine economy has not been determined based on the region's comparative advantages. Enterprises remain weak. Regional linkage, which placed the enterprises in the central position, is weak and yet to be connected.

With the potential for economic development, together with the context of integration and the era of connection and sharing, the industrial revolution 4.0, to develop the North Central Region sustainably, the participation of many economic sectors, including the core role of enterprises in the private sector is required. Therefore, assessing the situation

of enterprise development in the domestic private sector in association with the sustainable economic development of the North Central Region, finding out the bottlenecks and problems from which to propose solutions are: meaningful, necessary, and is the purpose of the article.

Theoretical framework

The theoretical foundation used in this study is Barney's Resource-Based Theory. According to the resource-based theory of the firm (RBF), the birth and development of firms are explained through the question of how the firm generates resources, including: (i) Physical resources; (ii) Human resources; and (iii) Organizational resources. In RBF theory, the determinants of business development include: i) Valuable; ii) Rare; iii) Difficult to imitate.

Enterprise development is affected by internal factors such as existing resources (physical resources, human resources, organizational resources) and this is proven by the research of Barney and his partners (Barney, 1991; Barney et al., 2007, 2011). In addition, enterprise development is affected by external factors such as guidelines and policies of the Party, the State, economic regions, production organization factors, market factors, capital, ... this is proven in the studies of Garofoli (1994), Mathew Philip (2010), Sharmilee Sitharam, Muhammad Hoque (2016) ...

In fact, the enterprise development level of the whole country and each locality is assessed through a set of indicators namely: the number of enterprises; labor development level; investment and finance attractiveness; investment and development of science and technology; business strategies, market development, brand building; environmental protection; results and efficiency of business development (revenue, income of employees, added value, profit, budget contribution ...) (In Decision 1255/QD-TTg dated September 26, 2018) of the Prime Minister). The level of enterprise development has an impact on the socio-economic development of each locality, region, and the whole economy.

In addition, the article also uses several arguments of institutional economics, which emphasizes the role of the institutional environment in the development of enterprises in general and private enterprises in particular.

Literature review

There are many different theories explaining the birth and development of firms. Popular studies explaining the birth and development of firms include approaches from behavioral and management perspectives (Baumol, W., 1959; 1962; Williamson, O., 1967), from a modern organizational perspective (Tirole, J., 1988), from the perspective of property rights (Williamson, O., 2002; 2009), and most recently, the work of Barney, J. B. (1991) and the studies that followed Barney's were approached from the perspective of

mobilization and use of resources (Resource-based Theory of the Firm). Such resources can be divided into three groups: (i) Physical resources (inheriting Williamson, O. 1975); (ii) Human resources (inheriting Becker, 1964); (iii) Organizational resources (inheriting Tomer, 1987). Such physical resources includes: “machinery, plant, production site and access to raw materials (inputs of production)”. The studies of Darroch (2005), Mathew Philip (2010), Sharmilee Sitharam, Muhammad Hoque (2016) focused on internal and external factors affecting the development of private sector enterprises.

Vietnamese studies such as Nguyen Thien Phong (2007); Nguyen Quang Thai, Vu Hung Cuong et al (2010, 2016); Nguyen Xuan Khoat (2010); Nguyen Tu Anh et al (2015); Quan Minh Nhut et al (2009, 2012) focused on studying the current situation and analyzing the contribution role on some specific aspects of firm development in private sector, thereby pointing out the external barriers and internal limitations of private sector enterprises.

However, research on the development of domestic private sector enterprises in the North Central Region has not been studied and discussed in depth in previous studies. This research focused on determining the quantitative and qualitative indicators of firm development, determining the influencing factors, thereby finding the hindrances and bottlenecks in the development of domestic private enterprises in the North Central Region.

Research objectives: On the basis of research on the theory of resource-based enterprises, the study clarifies the current development state of domestic private enterprises in North Central region, highlights the hindrances, limitations, and problems of enterprises in the domestic private sector in the North Central region. Thereby, proposing suitable solutions.

2. Method

The article uses data on enterprises and business environment from official sources provided by the General Statistics Office namely annual enterprise survey data (period 2011-2018), national statistical yearbook, provincial statistical yearbook, to sketch a picture of the enterprise development in the North Central Region based on the theoretical framework presented above. In addition, the article uses the Provincial Competitiveness Index (PCI) by VCCI Vietnam. Calculation of indicators to evaluate the development of enterprises is done using the set of criteria approved in Decision 1255/QĐ-TTg dated September 26, 2018.

Statistical analysis is the main method used in the article in the statement of problem. Besides, comparative and synthetic analyzes are used interlaced to clarify the limitations and problems in the development state of domestic private enterprises in the North Central region.

Scope of study:

- Research subjects: Within the framework of this study, the research team classified the economic sectors by ownership including the public sector and the private sector, in which the private sector consists of the domestic private sector – also known as the non-state sector (including collective economy, individual economy, private economy) and foreign direct investment (FDI) sector.

- Research content: analyzing the current situation of enterprise development focusing on the following indicators and criteria: the number of enterprises, the structure of enterprises by geographical areas, fields, capital and employment size; business efficiency via ROA and ROE targets.

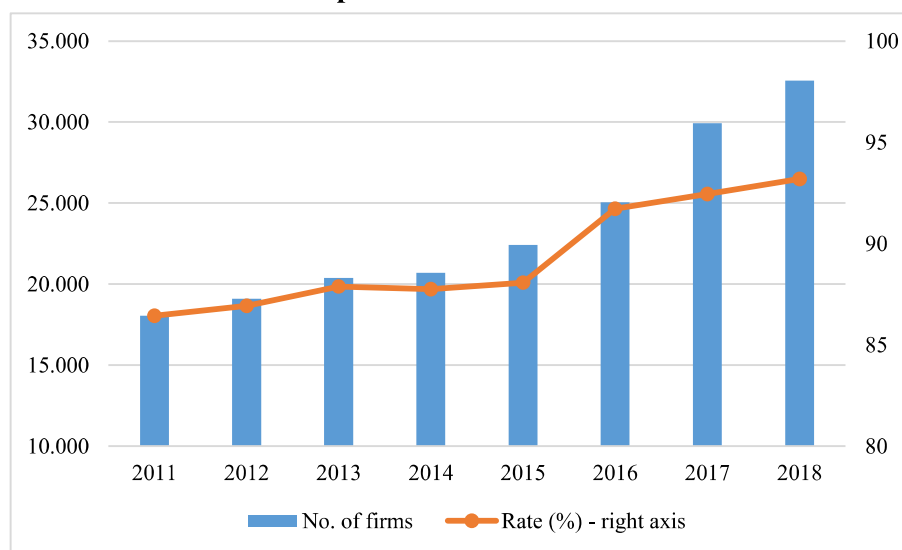
- Time: the 2011-2018 period

- Space: 6 provinces in the North Central Coast (Thanh Hoa, Nghe An, Ha Tinh, Quang Binh, Quang Tri, Thua Thien Hue)

3. Results

Firstly: The number of domestic private enterprises in the North Central region is increasing, accounting for a large proportion of the total number of active enterprises, but remains unbalanced in terms of location, size, and fields.

Figure 1. Number of domestic private enterprises in the North Central region in the period 2011-2018



Source: Calculation from the enterprise survey data collected between 2011 and 2018 by General Statistics Office

Calculation results from the enterprise survey data set period 2011-2018 show that enterprises in the domestic private sector are the core force with overwhelming numbers, accounting for more than 85% of the total number of active enterprises in the North Central

region (2018), with an increasing proportion and by the end of 2018, this sector accounted for more than 93% of total enterprises. If including cooperatives and unions of cooperatives, domestic private enterprises account for more than 98% of the total number of active enterprises in the North Central provinces.

In terms of absolute number, in the period 2011-2018, the number of domestic private enterprises increased rapidly with an average rate of 9%/year from 18.059 enterprises (2011) to 32.555 enterprises (2018).

Considering each locality in the region, Nghe An has the largest number of domestic private enterprises in the region with 9.894 enterprises (2018) - accounting for more than 30% of the total number of private enterprises in the region. Next is Thanh Hoa with 9.552 enterprises, accounting for 29% of the total. Quang Tri is the province with the lowest number of enterprises in the region, accounting for only 6,8% (details in Table 1). Thus, it shows that private sector enterprises focus on provinces with favorable development conditions, the uneven development situation among provinces creates an imbalance in resource allocation and a development gap among provinces in the region.

Table 1. Number of active domestic private enterprises by provinces in the North Central region 2011-2018

Year	Thanh Hoa	Nghe An	Ha Tinh	Quang Binh	Quang Tri	TT. Hue
2011	4.447	4.967	1.981	2.103	1.548	3.013
2012	4.669	5.347	2.188	2.212	1.749	2.927
2013	5.128	5.628	2.364	2.262	1.969	3.037
2014	5.203	5.732	2.555	2.392	1.895	2.935
2015	5.570	6.384	2.929	2.601	2.000	2.941
2016	6.613	7.456	2.943	2.727	2.060	3.250
2017	8.494	8.800	3.652	3.250	2.190	3.552
2018	9.552	9.894	3.926	3.305	2.217	3.661

Source: Calculation from the enterprise survey data collected between 2011 and 2018 by General Statistics Office

Regarding the structure of enterprises by size, economic sector, and type: Calculation results show that the majority of domestic private enterprises in the region are micro and small-sized enterprises, accounting for 98% of the total number of active enterprises. Medium and large enterprises account for a very modest proportion and tend to decrease (Table 2). By the field of operation, the majority of private enterprises are operating in trade and services - accounting for over 62%, followed by industry and construction - accounting for about 35%. the rest are enterprises in the fields of agriculture, forestry, and fishery (Table 3). By type of enterprise, non-state limited liability company (LLC) is the most common form and accounts for an increasing proportion of figures. In the period 2011-2018, the

number of limited liability companies increased from 52,1% (2011) to 64,2% (2018). Next are joint-stock enterprises (without state capital) and private companies. While the group of joint-stock companies kept the proportion at about 25% of the total number of active private sector enterprises, the proportion of private companies decreased sharply from 22,1% in 2011 to 10,6% in 2018 (Table 4).

This situation shows that the number of large enterprises in the region is too small. The problem is that there are no large enterprises to take the role of the driving force, leading, and pulling other enterprises in the region to develop. Besides, medium-sized enterprises account for a small proportion, therefore, it's difficult for them to develop into large enterprises. At the same time, they are unable to take on the role of a bridge and link with large and small-sized enterprises to create a foundation for development. This emerges as a difficulty for investment in technological innovation and participation in production value chains for businesses in the region.

Table 2. Structure of enterprises in the domestic private sector in the North Central region in the period 2011-2018 by employment size

Year	Micro-sized enterprises	Small-sized enterprises	Medium-sized enterprises	Large-sized enterprises
2011	60,8%	36,1%	1,8%	1,3%
2012	61,7%	35,2%	1,8%	1,3%
2013	63,7%	33,3%	1,7%	1,3%
2014	64,5%	32,6%	1,7%	1,2%
2015	66,1%	31,0%	1,7%	1,2%
2016	66,8%	30,4%	1,6%	1,2%
2017	71,5%	26,2%	1,3%	1,0%
2018	74,0%	24,1%	1,1%	0,9%

Source: Calculation from the enterprise survey data collected between 2011 and 2018 by General Statistics Office

Table 3. Structure of enterprises in the domestic private sector in the North Central region between 2011 and 2018 by fields

Year	Agriculture, forestry and fisheries	Industry and construction	Service
2011	0,9	37,1	62,0
2012	1,1	37,1	61,9
2013	1,0	36,6	62,4
2014	1,1	36,8	62,1
2015	0,9	36,3	62,8
2016	1,0	34,7	64,3
2017	1,2	34,4	64,4
2018	1,6	35,5	62,9

Source: Calculation from the enterprise survey data set collected between 2011 and 2018 by General Statistics Office

Table 4. Structure of enterprises in the domestic private sector in the North Central region between 2011 and 2018 by type

Year	Joint Stock Company (NN<50%)	Joint Stock Company (NN=0%)	Partnership	Limited Liability Company	Private Company
2011	0,6%	24,5%	0,0%	52,1%	22,7%
2012	0,6%	24,3%	0,1%	53,3%	21,7%
2013	0,6%	24,4%	0,0%	54,1%	20,9%
2014	0,4%	24,8%	0,0%	55,3%	19,4%
2015	0,2%	25,4%	0,0%	57,2%	17,1%
2016	0,2%	26,3%	0,0%	58,3%	15,1%
2017	0,1%	25,1%	0,0%	62,5%	12,2%
2018	0,1%	25,0%	0,1%	64,2%	10,6%

Source: Calculation from the enterprise survey data set collected between 2011 and 2018 by General Statistics Office

Secondly: Firms in the domestic private sector in the North Central Region have a rapid increase in capital, but a decrease in the employment size.

In the period 2011-2018, firms in the domestic private sector in the North Central Region experienced rapid growth in capital of all sizes. The group of micro and small-sized enterprises had capital growth (on average) of up to 80%, while medium- and large-sized enterprises had a more modest increase of 52% and 34,6%, respectively. (Table 5).

Table 5. Average capital size of enterprises in the domestic private sector in the North Central region between 2011 and 2018 (Unit: million dong)

Period	Micro-sized enterprises	Small-sized enterprises	Medium-sized enterprises	Large-sized enterprises
2011-2014	3.068	15.025	69.871	346.852
2015-2018	5.583	27.078	106.294	466.717
Compare 2 stages	182,0%	180,2%	152,1%	134,6%

Source: Calculation from the enterprise survey data set collected between 2011 and 2018 by General Statistics Office

In terms of business fields, the agriculture, forestry, and fishery sector is the industry with the largest average capital size, followed by the industry and construction sector, meanwhile, the service sector accounts for the smallest amount of capital. In particular, the industry and construction sectors have the fastest capital growth rate. A typical industrial and construction enterprise increased its capital by 70,3% in the period 2015-2018 compared

to that of the period 2011-2014. In contrast, agriculture, forestry and fishery enterprises have the slowest capital growth rate. However, in general, private enterprises have growth in capital size in all three areas. (Table 6)

Table 6. Average capital of enterprises in the domestic private sector in the North Central Region by sector

Period	Agriculture, forestry and fisheries	Industry and construction	Service
2011-2014	40.674	14.704	9.698
2015-2018	50.082	25.043	13.387
Compare 2 stages	123,1%	170,3%	138,0%

Source: Calculation from the enterprise survey data set collected between 2011 and 2018 by General Statistics Office

In terms of locality, enterprises in Nghe An have the largest average size in the region, followed by Thanh Hoa. In the period 2015-2018, the average capital size of each enterprise in Nghe An and Thanh Hoa was VND 5,6 billion and VND 5,2 billion, respectively. This is about 10% higher than that of the 2011-2014 period. In the opposite direction, Quang Tri and Thua Thien Hue are the two localities where enterprises have the smallest size in the region with an average capital of VND 3,6 billion and VND 3,9 billion respectively. (Table 7)

Table 7. Average capital size of domestic private enterprises in the period 2011-2018 by locality in the region

Year	Thanh Hoa	Nghe An	Ha Tinh	Quang Binh	Quang Tri	TT. Hue
2011-2014	4.728,4	5.066,8	4.499,4	4.425,6	3.245,1	3.366,4
2015-2018	5.213,3	5.617,7	4.902,8	4.809,3	3.650,5	3.978,0
So sánh 2 giai đoạn	110,3	110,9	109,0	108,7	112,5	118,2

Source: Calculation from the enterprise survey data set collected between 2011 and 2018 by General Statistics Office

With the above capital size, the problem is for regional enterprises to invest in technology and equipment innovation, improve production and business efficiency, which is limited due to the small investment capital. It will be difficult to develop the business force of the region.

Regarding the employment size of enterprises, in contrast to the capital size, the average number of employees of enterprises tended to decrease gradually in the period 2011-2018. Table 6 shows that the employment size of private sector enterprises has decreased at all sizes. Specifically, in the period 2011-2014, each large private sector enterprise had 214 employees, but in the period 2015-2018, there were only 154 people. Similar to the group of

small and medium-sized enterprises, according to calculations from the survey data for the period 2015-2018, there were only 81% and 64% of employees compared to that of the previous period (Table 8).

Table 8. Average labor size of enterprises in the domestic private sector in the North Central region in the period 2011-2018

Unit: mil. VND

Period	Small-sized enterprises	Medium-sized enterprises	Large-sized enterprises
2011-2014	14	102	214
2015-2018	11	65	154
Compare 2 stages	81%	64%	72%

Source: Calculation from the enterprise survey data set collected between 2011 and 2018 by General Statistics Office

Thirdly: The production and business efficiency of domestic private enterprises is much lower than that of SOEs and FDI enterprises in the North Central Region.

Limited capital and employment size compared to state-owned enterprises and FDI enterprises make the revenue of domestic private enterprises significantly lower. In the period 2015-2018, each domestic private sector enterprise in the North Central Region achieved an average revenue of VND 14,4 billion, an increase of more than 19% compared to the 2011-2014 period. However, this is much lower than the 39% increase of SOEs and 68% of FDI enterprises (Table 9).

Table 9. Average revenue of enterprises in the North Central Region in the period 2011-2018 by ownership

Period	State enterprises	Domestic private enterprises	FDI enterprises
2011-2014	222.330	12.065	283.086
2015-2018	309.077	14.405	475.780
Compare 2 stages	139%	119%	168%

Source: Calculation from the enterprise survey data set collected between 2011 and 2018 by General Statistics Office

Capital size is a major factor affecting the business results of domestic private enterprises. Table 10 shows that, while large enterprises tend to increase, small and medium-sized enterprises have a decrease in revenue.

Table 10. Average revenue of enterprises in the domestic private sector in the North Central Region in the period 2011-2018 by capital size

Period	Small enterprises	Medium-sized enterprises	Large enterprises
2011-2014	5.751	62.469	264.269
2015-2018	5.499	54.050	287.223
Compare 2 stages	96	87	109

Source: Calculation from the enterprise survey data set collected between 2011 and 2018 by General Statistics Office

Evaluating the performance of enterprises based on two indicators, return on total assets (ROA) and return on equity (ROE), shows that domestic private enterprises are much worse than SOEs and FDI enterprises in the period 2011-2014; In the period 2015-2018, domestic private enterprises still did not have an improvement in efficiency index. However in the same period, while SOEs and FDI experienced a sharp decline in ROA and ROE, the results of domestic private enterprises are positive. (Table 11)

Table 11. Return on total assets (ROA), on equity (ROE) of enterprises in the domestic private sector in the North Central region

Index	Period	2011-2014	2015-2018
ROA	SOEs	0,013	0,006
	Private enterprise	0,002	0,002
	FDI	0,018	-0,012
ROE	SOEs	0,029	0,018
	Private enterprise	0,006	0,005
	FDI	0,027	-0,031

Source: Calculation from the enterprise survey data set collected between 2011 and 2018 by General Statistics Office

In terms of localities, Nghe An and Thua Thien Hue are the two provinces where businesses operate more efficiently in the period 2015-2018 than in the period 2011-2014. In the opposite direction, Ha Tinh, Thanh Hoa, Quang Binh and Quang Tri are the localities where the efficiency of enterprises decreases (Table 12).

Table 12. Return on assets (ROA) and equity (ROE) ratios of domestic private enterprises in the North Central region by location

Province	ROA		ROE	
	2011-2014	2015-2018	2011-2014	2015-2018
Thanh Hoa	0,005	0	0,012	0
Nghe An	-0,002	0,006	-0,005	0,019
Ha Tinh	0,005	0,001	0,013	0,001
Quang Binh	0	-0,008	0	-0,026
Quang Tri	0,006	-0,002	0,017	-0,006
Thua Thien Hue	0,005	0,006	0,012	0,017

Source: Calculation from the enterprise survey data set collected between 2011 and 2018 by General Statistics Office

In terms of fields, agriculture, forestry and fishery; industry and construction have better profitability in the period 2011-2018, while the service industry has the opposite trend. Specifically: ROE for agriculture in the period 2011-2014 is -0,119, for the period 2015-2018 is 0,032, ROE for the construction industry in the period 2011-2014 is 0,009, in the period 2015-2018 is 0,012, and ROE in the field service period 2011-2014 is 0,012, in the period 2015-2018 is -0,006. (Table 13)

Table 13. Return on assets (ROA) and equity (ROE) ratios of domestic private enterprises in the North Central region by fields

Index	Period	Agriculture, forestry and fisheries	Industry and construction	Service
ROA	2011-2014	-0,060	0,004	0,004
	2015-2018	0,010	0,005	-0,002
ROE	2011-2014	-0,119	0,009	0,012
	2015-2018	0,032	0,012	-0,006

Source: Calculation from the enterprise survey data set collected between 2011 and 2018 by General Statistics Office

Regarding the income of workers, there is a big difference between domestic private enterprises and state-owned enterprises and FDI enterprises (Table 14). This is a challenge for private enterprises to attract qualified, skilled and senior workers because it is difficult to compete with SOEs and FDI enterprises.

Table 14. Average income of employees in enterprises in the North Central Region by ownership

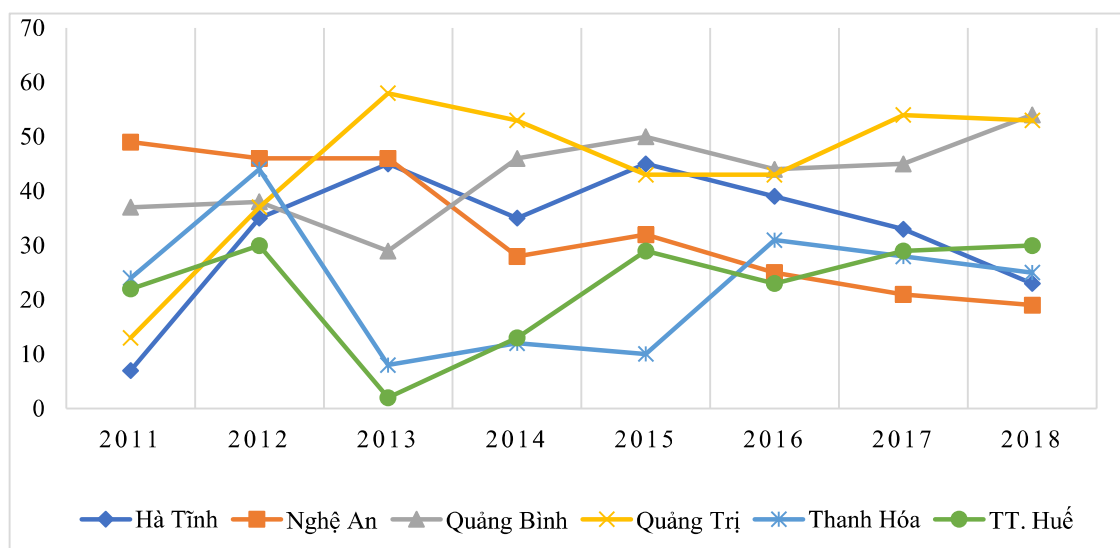
Period	State enterprises	Domestic private enterprises	FDI enterprises
2011-2014	4,6	3,3	5,8
2015-2018	5,0	3,9	6,0
Compare 2 stages	109	116	103

Source: Calculation from the enterprise survey data set collected between 2011 and 2018 by General Statistics Office

Fourthly: The business investment environment through the PCI index of provinces in the region has improved, but there are relatively clear differences between localities in the region.

The PCI index of the North Central provinces falls into group 3 (good) and group 4 (moderate). In which, Nghe An and Ha Tinh provinces have significantly improved in 2014, Nghe An ranked the 28th, increased to 19th in 2018; Ha Tinh ranked the 35th in 2014 and ranked 23rd in 2018. Meanwhile, there are 2 provinces in which the PCI index has not improved and is ranked in the middle group, namely Quang Binh and Quang Tri (in 2018 Quang Binh ranked the 54th and Quang Tri ranked the 53rd). And among the sub-indices, provinces have low indicators of fair competition, informal costs, land access and provincial government dynamism. Thereby, indicating the problem in creating conditions and business investment environment and attracting investment enterprises in limited areas.

Figure 2. PCI ranking of the provinces in the North Central region



4. Discussion and Conclusion

Through the results of research and analysis, it shows that there are many problems of enterprise development in the private sector in the North Central region. With small and micro-enterprises accounting for the majority, the field mainly focuses on services and commerce. The private economy is not large enough to reach out to foreign provinces and abroad. The number of manufacturing enterprises is small, the rate of technological innovation is very low, while a number of priority areas for development of the North Central region require association with high technology and modern technology. Labor qualifications and employment size for each type are limited. Production and business efficiency are low, making it difficult to compete, accumulate capital and expand production and business. This triggers the risk of lagging businesses in the region when facing the current integration and the 4.0 technology revolution.

The number of large enterprises in the region is too small, the problems is that there is no large enterprise to take the role of a driving force, a leader, a locomotive to pull businesses in the region to develop, besides that medium-sized enterprises account for a small proportion, so it is difficult to develop into large enterprises and at the same time unable to take the role of a bridge and the link between large and small enterprises to create a foundation for development. And this is a difficulty for investment in technological innovation and participation in production value chains for businesses in the region when the reality of capital size is low. When the business environment is not equal, it is impossible to create links, without a chain or network of business links, it is difficult to create a business force. Besides, businesses do not have a business strategy. Too few innovative start-ups.

With the above issues, business development of the private sector in the North Central Region should pay attention to: (1) Strengthening research and development capacity, technological innovation, creating conditions for mechanisms and policies to develop innovative start-ups. (2) Enterprises are interested in business models, business culture and application of corporate governance technology and actively participate in linkages between enterprises in the region. (3) For industries and products in which localities and regions have strengths, develop mechanisms and policies to encourage the development of associated industry clusters, value chains, and build product brands according to the region's advantages. (4) Support training in management skills for entrepreneurs of the business sector to form a team of entrepreneurs with enough reach to lead businesses participating in the chain. (5) Promote the development of business associations, industry associations with extensive participation of businesses in the private sector.

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