

Examining the effectiveness of support systems for small and medium enterprises in Hanoi city: A sociological investigation

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ABSTRACT

According to the World Bank (2021), the world will require 600 million jobs by 2030, making SME development a priority for governments to measure their support efforts. Hanoi, Vietnam's capital, is a hub for SMEs, with 1 business for every 37 people, 3.8 times higher than the national average. By the first quarter of 2024, SMEs accounted for 98.2% of registered enterprises, employed 55.1% of workers, and contributed 40% of Hanoi's GDP. Such a massive number of enterprises requires significant effort to address challenges with suitable solutions, fostering the Hanoi government-introduced policies, including financial credit, workforce training, and technology transfer. To evaluate the effectiveness of these policies, the authors first analyzed the secondary data to form hypotheses, then surveyed to collect 900 responses from SMEs operating in multiple districts in Ha Noi. Over half of the respondents found the policies timely, effective, and impactful in enhancing operational efficiency and competitiveness. However, effectiveness varied across support types, revealing a gap between SMEs' needs and policy accessibility. This study highlights the importance of tailoring policies to improve resource access and competitiveness, addressing disparities in effectiveness, and ensuring continuous support for SME development.

Keywords: Support Policies, Resource Accessibility, Operational efficiency, small and medium enterprises (SMEs), Hanoi, Vietnam

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1. Introduction

The diversification of economic sectors and the affirmation of the private economy's fundamental role have prompted the Vietnamese government to issue and continuously improve mechanisms and policies supporting small and medium enterprises (SMEs). Significant legislative efforts include the Law on Support for SMEs, amended by Law No. 04/2017/QH14 (July 15, 2020), Decree 80/2021/ND-CP (August 26, 2021), and Resolution No. 45/NQ-CP (March 31, 2023), which promulgated the Government's Action Program to implement Resolution No. 10-NQ/TW. These policies aim to address institutional and policy barriers, expand economic opportunities, and minimize unnecessary costs for production and business activities.

Hanoi, the capital of Vietnam, has emerged as a vital economic hub with an average economic growth rate of 6.67%. The city's economic structure is modernizing, driven by the increasing contribution of the service sector and high-tech industries. SMEs account for 98.2% of Hanoi's registered enterprises, employing 55.1% of the workforce and contributing 40% of the city's GDP (Vietnam General Statistics Office, 2024). With geographical advantages, skilled human resources, and institutional reforms, SMEs play a pivotal role in economic growth and the advancement of high-tech industries. Hanoi's government has introduced several policies that complement national initiatives to bolster the growth of SMEs. Notable measures include Decision 5742/QĐ-UBND (December 19, 2020), approving the "Project to Support SMEs in Hanoi for the Period 2021–2025," and policies for creative startups and workforce development. These efforts have improved SMEs' scale, productivity, and business capacity, furthering their contribution to Hanoi's economic development.

However, while these policies have achieved significant outcomes, gaps remain between policy frameworks and practical implementation. SMEs often encounter limited resource access, including affordable credit, land, and administrative inefficiencies (Nguyen et al., 2024a, b). Addressing these gaps is critical for enhancing the relevance and impact of government support mechanisms. This study uses a bottom-up approach to evaluate Hanoi's SME support policies' timeliness, continuity, and effectiveness, focusing on SMEs as the primary beneficiaries. The findings aim to bridge the gap between policy design and execution, offering actionable insights for policymakers to refine and align support measures with SMEs' needs.

1.1 Problem Statement

Small and medium enterprises are indispensable to Hanoi's economic progress, contributing 40% of its GDP and employing over half of its labor force (Van, 2024). Despite their significance, SMEs face persistent hurdles, including limited access to affordable credit, insufficient technological support, and restricted market opportunities. While the Hanoi city government has introduced various initiatives—such as credit access programs, technology adoption incentives, and supply chain integration policies—the effectiveness of these measures is often undermined by implementation challenges. Barriers such as limited awareness of policies, complex administrative procedures, and a mismatch between policy objectives and SMEs' practical needs have hindered their impact (Ha et al., 2022; Vu et al., 2021). These challenges highlight the disparity between the intended goals of support policies and the realities SMEs face on the ground. This study addresses these gaps by evaluating the timeliness, continuity, and effectiveness of Hanoi's support mechanisms for SMEs. Adopting a bottom-up approach, it investigates SMEs' perceptions of these policies, identifies barriers to policy implementation, and offers evidence-based recommendations. The research aims to support policymakers in refining strategies to enhance the accessibility, relevance, and efficiency of support initiatives tailored to SMEs' needs.

1.2 Research Questions

- a) How timely and effective are the Hanoi city government's policies in supporting SMEs?
- b) What are the main challenges SMEs face in accessing and benefiting from government support policies?
- c) How do specific support measures (e.g., credit access, technology adoption, market expansion) impact the operational performance of SMEs?
- d) To what extent do SMEs perceive these policies as addressing their needs and contributing to their growth?
- e) What improvements can be made to enhance the accessibility and effectiveness of government support mechanisms for SMEs?

1.3 Research Objectives

- a) Evaluate the impact of Hanoi city's support policies (e.g., credit access, technology adoption, market expansion) on SMEs' operational performance and growth.
- b) Examine the timeliness and continuity of the implemented support policies for SMEs.
- c) Identify challenges and barriers SMEs face in accessing and benefiting from government support policies.
- d) Measure the level of satisfaction among SMEs with the support mechanisms, including policy relevance, accessibility, and implementation.
- e) Develop actionable recommendations to enhance the effectiveness and alignment of government support policies with SME needs.
- f) Assess the role of support policies in mitigating the impact of the COVID-19 pandemic on SMEs.

1.4 Significance of the Study

Small and medium enterprises (SMEs) are the lifeblood of Hanoi's economy, contributing 40% of the city's GDP and employing more than half of its workforce. Despite their pivotal role, many SMEs struggle to access essential resources, specifically affordable credit, modern technologies, and market penetration. These challenges persist even as Hanoi's government implements policies to address these issues, such as Decision 5742/QD-UBND, aimed at supporting SMEs between 2021 and 2025. This study is vital in understanding how these government support policies shape SME performance, by uncovering gaps between policy intentions and real-world outcomes. This research expects to shed light on areas where improvements are needed, such as simplifying access to credit, fostering technology adoption, and promoting market integration. Thus, the findings contribute to providing actionable recommendations for policymakers, enabling them to refine support mechanisms and align them with the evolving needs of SMEs. Moreover, the study highlights the obstacles they face in utilizing government programs and offers practical solutions to enhance their participation. Academically, the research adds to the growing literature on SME development, offering a case study of policy impact in an emerging economy. Finally, it addresses pressing issues like supply chain integration, technological innovation, and post-pandemic recovery, contributing to Vietnam's broader goal of economic modernization and resilience.

2. Literature Review

2.1 Global Perspectives on SME Support Policies

Small and medium enterprises form the backbone of economies worldwide, accounting for over 90% of businesses and up to 60% of global employment (Galindo-Martín et al., 2019). Governments, recognizing their role in fostering innovation and job creation, have implemented various support

policies to address SMEs' operational and financial challenges. In developed countries, these policies often focus on subsidies, tax incentives, and streamlined regulations. For instance, Germany's Mittelstand program emphasizes technological innovation and global integration, enabling SMEs to participate in international value chains and markets (Gyamfi et al., 2023). Similarly, Japan provides SMEs with technological subsidies to drive productivity and competitiveness. In contrast, support policies in emerging economies prioritize addressing foundational barriers such as inadequate access to capital, skilled labor, and infrastructure. For example, India's "Make in India" initiative focuses on market connectivity, tax benefits, and technology adoption, demonstrating how targeted interventions can accelerate SME growth (Chatterjee & Kumar, 2020). These cases underscore the importance of tailoring support mechanisms to meet the unique needs of SMEs while ensuring transparency and accessibility.

2.2 Vietnam's Efforts in Supporting SMEs

Vietnam has placed SMEs at the heart of its economic development strategy. The Law on Support for SMEs, amended in 2020, provides a comprehensive framework to enhance access to financing, encourage digital transformation, and promote innovation (Vuong, 2020). In Hanoi, targeted programs such as Decision 5742/QD-UBND have focused on offering low-interest loans, technological adoption support, and supply chain integration opportunities (Mai et al., 2022). Despite these efforts, the effectiveness of such policies remains uneven. Many SMEs encounter obstacles like complex application procedures, stringent eligibility requirements, and limited awareness of available programs (Minh et al., 2024). Furthermore, Vietnam's reliance on informal business structures excludes many SMEs from formal support mechanisms (Tran & Vu, 2024). These disparities highlight the need for policy adjustments to ensure broader inclusion and alignment with SMEs' needs (Rashid et al., 2024).

2.3 Impact of Support Policies on SME Performance

Numerous studies have demonstrated the positive impact of well-designed support programs on SME performance. Access to credit, for example, enables SMEs to expand operations, invest in capital improvements, and enhance productivity (Kärnä & Stephan, 2022). In Vietnam, credit guarantees and low-interest loans have proven beneficial in stabilizing SMEs during economic disruptions, such as the COVID-19 pandemic (Vuong, 2020). Secondly, technology adoption is another critical area in which support policies have shown a significant impact. Regionally, initiatives promoting digital transformation have boosted SMEs' market competitiveness and operational efficiency (Mai et al., 2023). However, in Hanoi, barriers like limited technical expertise and financial constraints have hindered widespread technology adoption (Tran & Vu, 2024). Similarly, policies aimed at supply chain integration and market expansion are essential for SMEs to compete in larger markets. However, many Vietnamese SMEs remain excluded from global supply chains due to resource limitations and high entry barriers (Tuan, 2020). Addressing these issues requires targeted interventions that provide resources and reduce bureaucratic and logistical challenges.

2.4 Barriers to Effective Policy Implementation

While government support programs hold immense potential, their implementation often encounters significant obstacles. A primary challenge is low awareness among SMEs, many of whom remain unaware of available programs or find the application procedures overly complex (Mai et al., 2022). Administrative inefficiencies, such as delays in loan disbursements and unclear eligibility criteria, further discourage SMEs from seeking assistance (Chatterjee & Kumar, 2020). Timeliness and continuity also play a critical role in policy effectiveness. Programs that fail to adapt to the evolving needs of SMEs risk becoming obsolete or ineffective (Galindo-Martín et al., 2019). Moreover, misalignment between policy objectives and the operational realities of SMEs often diminishes the overall impact of government interventions (Vuong, 2020). A more inclusive and flexible approach to policy design and implementation is essential to overcome these barriers. This includes simplifying administrative processes, improving communication with SMEs, and ensuring policies are responsive to their unique challenges and aspirations.

3. Research Methodology

3.1 Research Questions and Methods

Research question: Are the support policies and measures of the Hanoi city government for SMEs timely, continuous and effective? The study uses a sociological survey method with a semi-structured questionnaire with beneficiaries being SMEs in Hanoi city to answer this question. The survey was conducted on SMEs with production and business activities over a period of 5 months (September 2022 to January 2023) in Hoan Kiem District, Nam Tu Liem District, and Dong Anh District: 300 responses. Data was collected, uniformed, pre-processed, and processed thoroughly using SPSS software for descriptive statistics method, Stata for measuring statistical effect and combined with secondary analysis to evaluate the effectiveness of support policies from specific to general.

3.2 Survey Sample Description

The number of questionnaires collected and processed was 873 out of 900 distributed samples. Specifically, 286 responses were collected in Hoan Kiem District, 290 in Nam Tu Liem District, and 297 in Dong Anh District. The industries vary, with a majority of SMEs operating in the manufacturing sector (in industrial parks in Dong Anh), followed by the motorbike business sector, public services (Hoan Kiem District), and the commercial business sector (Nam Tu Liem area).

3.3 Sample Structure

The study interviewed representatives of SMEs, with the oldest age being 63 years old and the youngest being 28 years old. The interviewees were mainly male (71.1%). 6.6% were high school graduates, 23.5% had college degrees, the highest proportion was 63.3% with university degrees, and 6.7% had postgraduate degrees. The business owners who responded to the survey accounted for 76.7%, while the rest were employees. The structure of the business sectors of the surveyed businesses was quite diverse, ensuring reliability and objectivity. The businesses operating in the agricultural sector had the lowest percentage at 14.7%, the highest was the commercial sector at 45.5%, and the number operating in the service sector accounted for 39.9%. Micro-sized businesses accounted for 12.1%, small-sized businesses accounted for the highest percentage at 71.3%, and 16.5% of businesses were medium-sized.

4. Result, Data Analysis, Conclusion

4.1 Discuss the Effectiveness of Policies to Support Small and Medium Enterprises in Hanoi City

To evaluate the effectiveness and timeliness of policies to support SMEs in Hanoi, the author believes that supporting SMEs involves the state using tools and measures to provide additional assistance, create more opportunities, and facilitate access to financial resources, technical infrastructure, and science and technology. This support aims to remove difficulties for SMEs, promote their production and business scale development, expand markets, and improve operational efficiency.

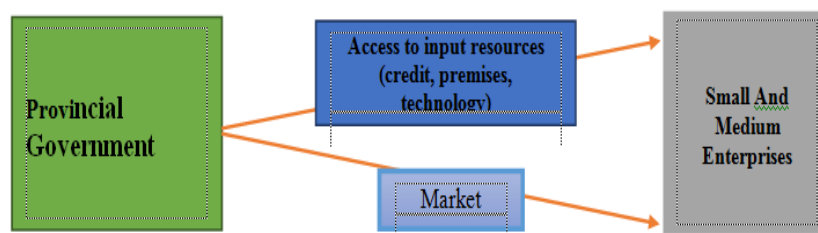


Figure 1: Provincial Government Support Activities for SMEs

Source: Author's own synthesis

The effectiveness of the Hanoi government's support for SMEs is assessed through the following criteria, as shown in Figure 1.

- a) Diversity of policies and forms of support
- b) Timeliness, continuity, and effectiveness of support policies
- c) Level of satisfaction of SMEs with those support policies
- d) Impact of support policies on the performance of SMEs

The results show that:

From 2020 to 2023, Hanoi implemented various government support policies to assist small and medium-sized enterprises (SMEs). These policies focused on easing difficulties, enhancing access to capital and technology, and supporting market expansion, all to mitigate the effects of the COVID-19 pandemic. A survey of 873 enterprises in Hoan Kiem, Nam Tu Liem, and Dong Anh districts revealed that 46% of SMEs (402 out of 873 respondents) benefitted from these government interventions. Among these enterprises: (1) 190 SMEs accessed low-interest credit (46%), (2) 89 SMEs received rental price subsidies in industrial parks, particularly in Dong Anh District (22.1%), and (3) 105 SMEs received support for market expansion, supply chain participation, and finding trade partners (24.6%).

Despite some businesses receiving multiple forms of support, a significant number benefitted from just one form, underscoring gaps in the comprehensive accessibility of these programs. These findings align with earlier studies on the uneven implementation of government support mechanisms in Vietnam (Vuong, 2020; Tran & Vu, 2024). Hanoi's approach to SME support also reflected its alignment with broader national policies. For instance, Decision 5742/QD-UBND (2020) focused on strengthening SME capabilities for 2021–2025, while the Digital Transformation Plan for SMEs under Decision 3457/QD-UBND (2022) aimed to foster technological innovation and integration into global value chains. These policies highlight Hanoi's proactive stance, positioning it as a leading locality in promoting SME development through national-level consulting networks (Mai et al., 2022).

Secondly, Hanoi's government adopted diverse forms of assistance to aid SMEs, including direct cash support, preferential interest rates, and tax incentives. Of the 402 enterprises surveyed that received support, (1) 74.7% accessed credit via preferential interest rates. These loans were facilitated by the Hanoi Development Investment Fund, supporting both financial liquidity and recovery efforts (Beck et al., 2018); (2) 86.5% benefitted from reduced rental prices in industrial parks. The support for industrial park premises, particularly in Dong Anh District, reflected efforts to foster regional industrial clusters (Chatterjee & Kumar, 2020); (3) 87.9% received advice on adopting new technologies, while 32.6% engaged in digital transformation initiatives. These findings highlight a growing focus on enhancing technical capacity and bridging the technological divide within SMEs, a recurring challenge identified in studies by Tran & Vu (2024); and (4) for market expansion, 67.6% of enterprises leveraged corporate income tax exemptions, further boosting their competitiveness and ability to integrate into supply chains (Tuan, 2020).

In 2021, the city invested over 20 billion VND in digital transformation efforts, with allocations increasing to 15 billion VND in 2022. Financial resources supported approximately 90,000 SMEs out of 314,000 operating in Hanoi, with over 195.364 billion VND funded by the city budget. Specific programs included direct cash assistance, in-depth consultations for SMEs, and business training sessions, all aimed at increasing participation in global value chains. Notably, Hanoi supported 40 SMEs in 2023 through its consultant network, with a total expenditure of 2 billion VND, emphasizing its commitment to fostering a resilient and globally competitive SME sector.

Thirdly, through the usage of survey, the effectiveness of Hanoi's policies was evaluated with multiple items, including timeliness, effectiveness, and continuity. Overall, businesses rated the policies positively, though disparities in effectiveness across different forms of support were noted: (1) The

policy for market expansion and supply chain participation was deemed the most timely, with 81% of respondents agreeing it addressed immediate SME needs; and (2) the policy for rental price support followed closely, with 80.9% of businesses acknowledging its timeliness, on par with credit access policies (79.4%). However, the policy for technological support received the lowest timeliness rating, with only 54.5% of businesses considering it adequately prompt (Figure 2). This discrepancy aligns with global observations on the lag between policy formulation and implementation in technology-driven sectors (Galindo-Martín et al., 2019).

These results indicate that while Hanoi’s policies effectively addressed credit and market challenges, the delayed implementation of technological support hindered SME adoption of critical innovations. This finding is consistent with Vu & Nguyen (2021), who noted that many Vietnamese SMEs struggle with the technical knowledge and financial resources required for digital transformation. Lastly, Hanoi’s emphasis on supporting industries demonstrates a strategic approach to SME integration into global supply chains. Of the city’s approximately 900 supporting industry enterprises, over 320 SMEs possess production systems that meet international standards. This is a significant achievement in aligning domestic capabilities with the demands of multinational corporations and foreign direct investment (FDI) enterprises. The city’s efforts to enhance SMEs’ production capacity include (1) Organizing industry fairs to promote branding and create networking opportunities with domestic and international partners and (2) technology transfer and intellectual property acquisition, enabling SMEs to adopt advanced manufacturing methods (Vuong, 2020).

It can be said that Hanoi’s government has demonstrated a proactive approach in implementing SME support policies, contributing significantly to business resilience and growth during the challenging 2020–2023 period. The diversity of support measures—spanning credit access, technology adoption, and market expansion—addressed various operational challenges SMEs face. However, the uneven effectiveness and timeliness of certain policies, particularly in technological support, highlight areas for improvement.

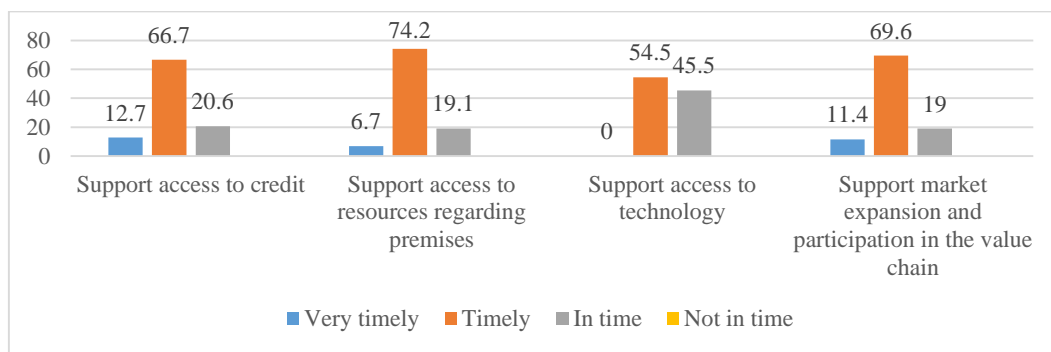


Figure 2: Timeliness of Hanoi Government's Support Policies for Small and Medium Enterprises (%)
 Source: Results of sociological survey of small and medium enterprises 2024

4.2 Assessing the Effectiveness of Support Policies

The surveyed enterprises indicated a high degree of satisfaction with the policies aimed at supporting SMEs in accessing credit, with 80.4% of respondents rating these policies as either "very effective" or "effective." This positive reception underscores the critical role of credit accessibility in fostering SME growth and competitiveness. Following closely, policies designed to support market expansion and supply chain participation were assessed positively by 77.2% of surveyed businesses, while 67.4% found policies for accessing premises effective. However, policies related to technology support lagged, with no respondents rating them as "very effective." This aligns with observations in Table 1, where the timeliness of technology support policies was rated the lowest (54.5%). In practice, SMEs in Hanoi have predominantly engaged with digital transformation initiatives. In 2023, the city

facilitated 23 classes on "Business Administration in the Digital Transformation Period," each accommodating 50-60 participants. These programs aimed to equip SMEs with essential knowledge in digital transformation, business administration, human resource management, organizational operations, and digital marketing. Despite these efforts, the limited effectiveness of technology policies remains a notable gap.

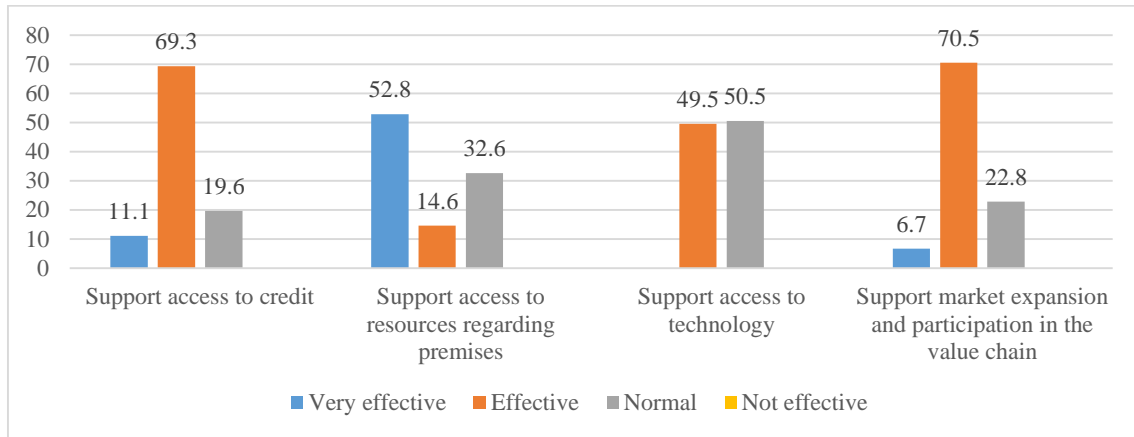


Figure 3: Effectiveness of Support Policies of Hanoi Government for Small and Medium Enterprises (%)
 Source: Results of the sociological survey of small and medium enterprises, 2024

Enterprises generally evaluated the continuity of support policies positively, though variations were evident across different areas of focus. Policies supporting market expansion and supply chain participation garnered a continuity approval rate of 30.4%, while those supporting technology access achieved a slightly higher rate of 35.4%. Policies facilitating credit access and premises in industrial parks received the highest continuity ratings, at 52.4% and 52.8%, respectively (Figure 4).

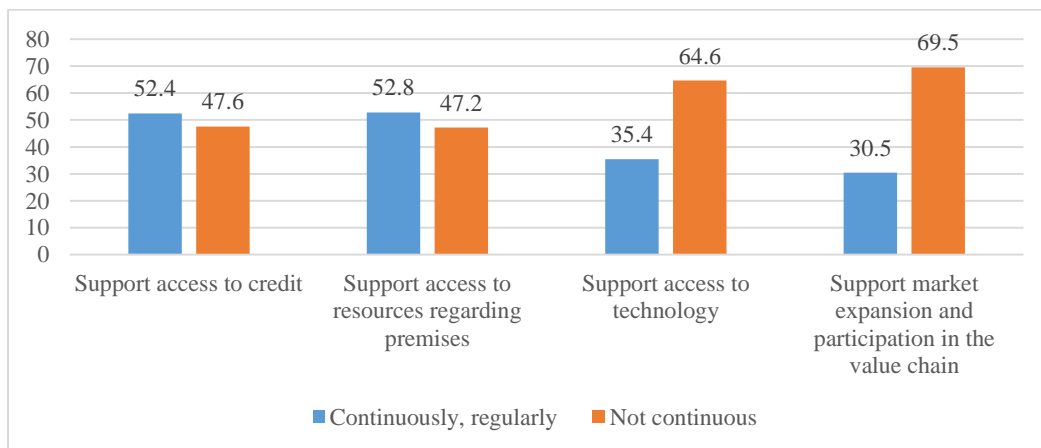


Figure 4: Continuity of Support Policies of Hanoi Government for Small and Medium Enterprises (%)
 Source: Results of the sociological survey of small and medium enterprises, 2024

The majority of enterprises expressed satisfaction with the support policies provided by the Hanoi city government (Figure 5). Specifically, 26.3% of respondents reported being "very satisfied" with credit access policies, with an additional 49.5% indicating "high satisfaction." Access to premises received 6.7% "very satisfied" and 61.8% "highly satisfied" ratings. Conversely, technology support policies garnered only "satisfied" ratings from 58.6% of respondents, with no participants expressing "very satisfied." Similarly, policies supporting market expansion and supply chain participation yielded 5.7% "very satisfied" and 50.5% "highly satisfied" responses. Dissatisfaction across all policies remained minimal.

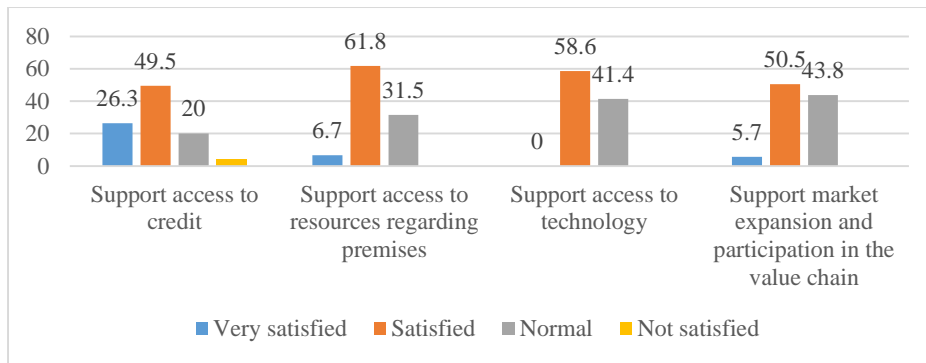


Figure 5: Level of Satisfaction With Support Policies of Hanoi Government for Small and Medium Enterprises (%)
 Source: Results of the Sociological Survey of Small and Medium Enterprises, 2024

Hanoi’s support policies have positively influenced SME participation in supply chains, significantly enhancing their competitiveness (Figure 6). Among surveyed enterprises, 45.7% participated in component supply, while smaller proportions engaged in machining (20.6%), assembly (11.7%), and design (8.5%). Notably, joint purchase contracts for input materials were the most prevalent form of supply chain involvement (71.4%), followed by joint purchase, sale, and cooperation contracts (13.4%).

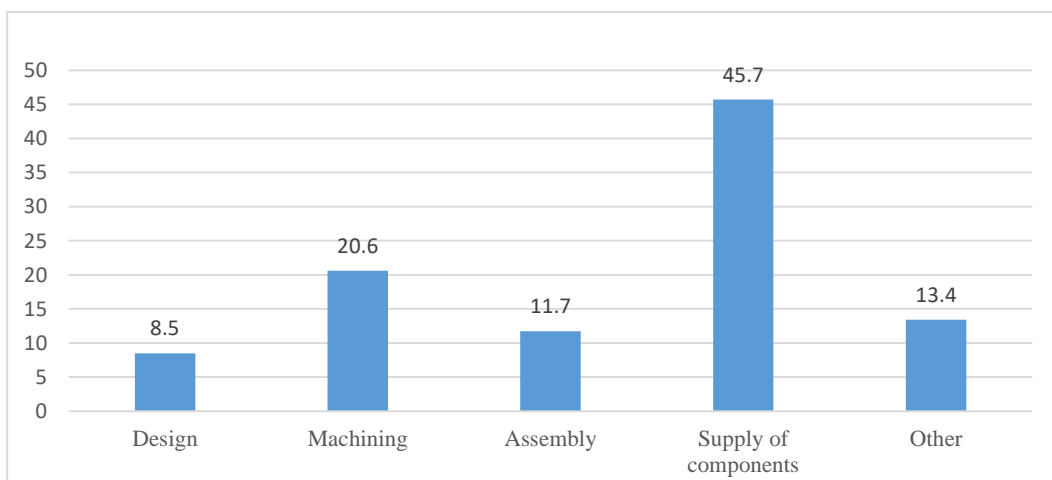


Figure 6: Stages Participating in the Supply Chain with Fdi Enterprises of Surveyed Enterprises (%)
 Source: Results of the Sociological Survey of Small and Medium Enterprises, 2024

Support policies have also contributed to improved operational efficiency. Credit access policies have enabled 67.1% of enterprises to scale their capital and 63.2% to expand their markets. Similarly, access to land resources facilitated greater supply chain participation (80.9%), reduced input costs (75.3%), and increased profitability (19.1%). Market expansion policies further reduced income tax burdens (59.0%), enhanced competitiveness (52.4%), and increased revenue and profit (50.5%).

Lastly, support in accessing land resources increases the level of participation in the supply chain (80.9% of opinions agree), reduces input costs (75.3% of opinions agree), and increases the profits of enterprises (19.1% of opinions agree). Measures to support market expansion and participation in the supply chain also bring many benefits to enterprises, helping them reduce income tax (59.0% of opinions agree), increase competitiveness (52.4% of opinions agree), and raise revenue and profits (50.5% of opinions agree).

4.3 Implementing the Action Plan of the Banking Industry

The State Bank of Vietnam’s Comprehensive Financial Strategy, as outlined in Decision No.

1309/QD-NHNN, has significantly bolstered SME credit access in Hanoi. Despite the challenges posed by the COVID-19 pandemic, SME lending achieved an average annual growth rate of 14.83% over the past five years, with outstanding loans to SMEs now accounting for over 19% of total loans in the region. Realizing the potential and importance of SMEs, many banks have innovated their business perspectives towards focusing on lending to SMEs, with outstanding loans to SMEs accounting for over 19% of total outstanding loans in the area. Table 1 represents the total SME loans in Hanoi.

Table 1: Total SME Loans in Hanoi

Target	2018	2019	2020	2021	2022
Total SMEs loan in Hanoi (Billion VND)	312.403	360.017	395.541	454.998	507.746
Year-on-year growth rate	18,54	15,24	9,86	15,03	11,59

Source: Report on banking activities in Hanoi

Based on primary data collected through surveys, the statistical findings underscore the critical role of credit support in enhancing the performance of small and medium-sized enterprises (SMEs). According to the results, SMEs that received credit support reported significantly higher performance levels, measured on a scale of 3, with an average score of 1.44 compared to 0.97 for those without credit support. This disparity indicates a 47.67% lower performance for SMEs without access to credit support, emphasizing its transformative impact.

The regression analysis further corroborates this, with an R-squared value of 0.360, suggesting that approximately 36% of the variance in SMEs’ performance can be attributed to credit support. The standardized coefficient ($\beta = 0.600$, $p < 0.001$) confirms a strong and statistically significant positive influence, highlighting that effective credit support is indispensable for improving SME performance, as you can see in Table 2.

Specific policy interventions within the credit support framework significantly enhance SMEs’ performance. The analysis reveals that simplified loan procedures ($\beta = 0.893$, $SE = 0.089$, $p < 0.001$) are the most impactful, contributing to the greatest improvement in SME outcomes. Policies that facilitate access to state and commercial bank funding sources ($\beta = 0.521$, $SE = 0.104$, $p < 0.001$) and offer preferential interest rates ($\beta = 0.493$, $SE = 0.200$, $p = 0.015$) also demonstrate a significant positive effect. These findings highlight the essential role of accessible, streamlined credit policies in fostering SME growth and productivity.

Table 2: Specific Influences of Credit Support Policies on SMES Performance

Policy Element	Coefficient	Std. Error	P-value	Effect
Simplified Loan Procedures	0.893	0.089	<0.001	Positive
Access to State & Commercial Bank Funds	0.521	0.104	<0.001	Positive
Preferential Interest Rates	0.493	0.2	0.015	Positive

Source: Results of the sociological survey of small and medium enterprises, 2024

The data also illustrate the critical role of service quality in shaping SME satisfaction with credit support. Timeliness in loan disbursement was a significant determinant, with a coefficient of 0.734 as you can see in Table 3. Delays in loan approval processes negatively influenced satisfaction, underscoring the need for efficient and responsive credit service mechanisms. Moreover, clear guidance on loan documentation was another key factor enhancing satisfaction, indicating that well-structured support mechanisms foster higher satisfaction and better outcomes for SMEs.

Table 3: SMES Satisfaction Toward Credit Support

Satisfaction Factor	Coefficient	Std. Error	P-value	Effect
Timeliness of Loan Approval	0.734	0.131	<0.001	Positive
Clear Loan Documentation Guidance	0.64	0.089	<0.001	Positive

Source: Results of the sociological survey of small and medium enterprises, 2024

The evidence strongly supports the efficacy of credit support and associated policies in enhancing SME performance and satisfaction. Simplified procedures, timely access, and transparent guidance are pivotal elements that not only improve business outcomes but also ensure that SMEs derive maximum benefit from financial support initiatives. Besides the impact of credit access support policies, policies supporting market expansion and participation in supply chains also impact business performance.

Technology support has emerged as a critical driver of SME innovation and competitiveness. SMEs receiving such support achieved a performance score of 1.45, significantly higher than the 1.10 score of unsupported SMEs, representing a 35.2% performance gap. Regression analysis attributes 17.4% of performance variance to technology support, underscoring its statistically significant influence (Table 4). Key interventions include opportunities to explore new technologies and consulting services for technological adoption.

Key components of technology support policies notably impact SMEs’ performance. Providing opportunities for SMEs to explore and learn about new technologies is the most significant factor in promoting innovation and continuous improvement. Additionally, consulting and introducing new technologies further strengthens technological adoption and efficiency in business operations. As you can see in Table 4, these results emphasize the importance of well-structured technology policies in encouraging SMEs to innovate and integrate advanced technologies effectively.

Table 4: Specific Influence of Technology Support Policies on SMES Performance

Policy Element	Coefficient	Std. Error	P-value	Effect
Exploration of New Technologies	0.978	0.189	<0.001	Positive
Introduction and Consulting on Technologies	0.479	0.217	0.029	Positive

Source: Results of the sociological survey of small and medium enterprises, 2024

Despite the benefits of technology support, many SMEs face significant challenges in accessing these resources. Among 402 surveyed businesses, 344 (85.6%) reported difficulties in accessing technology support. The primary obstacles include the lack of capacity to adapt to new technologies (47.5%), the mismatch between available technologies and the actual needs of enterprises (40.4%), and the slow implementation of technology support policies (12.1%). These barriers indicate a need for more targeted and responsive policy frameworks to address SMEs’ unique requirements and effectively enhance their ability to adopt technological advancements.

On the bright side, SMEs’ satisfaction with technology support is influenced by its timeliness and effectiveness. The timeliness of technology support services and their perceived effectiveness significantly impact satisfaction levels. Delays in service provision or ineffective solutions contribute to dissatisfaction, highlighting the importance of efficient and outcome-focused support mechanisms in fostering positive experiences among SMEs. These policies positively influence SMEs’ business performance in terms of market and supply chain penetration support. The data indicates that SMEs receiving this support achieved a performance score of 1.04, compared to 0.85 for those without it. This represents an 18.28% lower performance for unsupported SMEs, emphasizing the critical role of these policies in reducing costs and enhancing business opportunities. Regression analysis shows that this explains 12.7% of the variance in SME performance, confirming its statistically significant impact. Key financial measures such as rent and tax incentives have a statistically significant positive effect on SMEs’ performance, as shown in table 5. These initiatives provide cost relief and facilitate greater market participation, enabling SMEs to focus resources on growth and operational improvements.

Table 5: Specific Influences of Land Support Policies on SMES

Policy Element	Coefficient	Std. Error	P-value	Effect
Rent Reductions	0.778	0.323	0.016	Positive
Tax Incentives	0.611	0.314	<0.001	Positive

Source: Results of the sociological survey of small and medium enterprises, 2024

Despite the benefits, 297 out of 402 businesses (73.9%) report not receiving support for market expansion or supply chain penetration. The two main barriers cited are lack of awareness, with 65.2% of respondents unaware of the availability of such support programs, and accessibility issues, with 35.2% struggling to access guidance systems and staff for participation. The results reveal low levels of supply chain participation (27.3%), particularly with FDI enterprises in Hanoi. Among participating SMEs, the majority (45.7%) engage in component supply, while fewer contribute to machining (20.6%), assembly (11.7%), or design (8.5%).

On the other hand, SMEs' satisfaction with supply chain support is influenced by its effectiveness and continuity. Continuous support leads to higher satisfaction levels (Mean = 1.875) than non-continuous support (Mean = 2.60274). These findings highlight the importance of providing consistent and effective assistance to meet SMEs' needs and enhance their experiences.

The findings validate the proposed conceptual framework, establishing tested relationships between the three support factors and enterprise performance. Each factor demonstrates statistically significant contributions, underscoring the importance of a tailored approach that aligns support mechanisms with the specific needs of SMEs. The research further highlights contextual barriers, such as accessibility and continuity challenges, that must be addressed to optimize the efficacy of these support systems. Below figure 7 represents the impact of policies in enhancing business performance

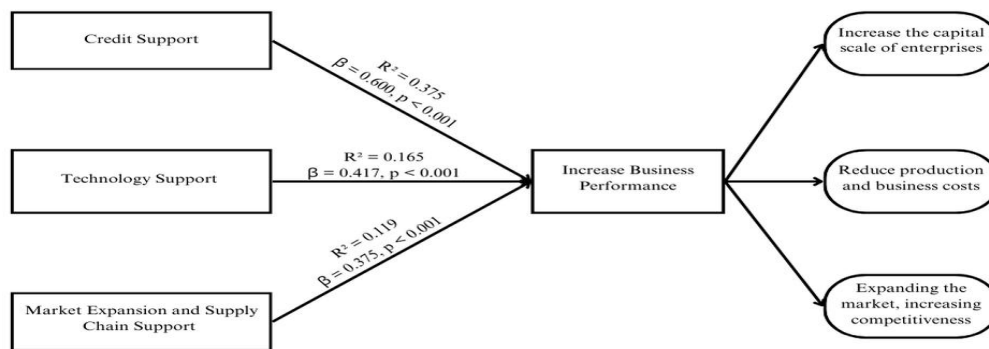


Figure 7: Regression Model in Measurement Impact of Policies in Enhancing Business Performance

4.4 Conclusion

This study employs Contingency Theory as its foundational framework, positing that organizational effectiveness is contingent upon the alignment between a firm's internal needs and external environmental factors. In the context of small and medium-sized enterprises (SMEs), this theory suggests that tailored support mechanisms—such as credit assistance, technological aid, and market expansion initiatives—can significantly enhance performance when appropriately aligned with the specific circumstances of each enterprise (Prasannath et al., 2024). Similarly, investigations into the alignment between IT strategies and business objectives in SMEs reveal that such alignment can significantly improve operational efficiency and customer satisfaction, further validating the principles of Contingency Theory in the SME context (Mokhele et al., 2024). Many support policies implemented in Hanoi have proven effective in helping businesses access critical input resources and expand output markets, particularly during the COVID-19 pandemic. Enterprises have highly appreciated these policies, with approval rates for timeliness, effectiveness, and continuity ranging between 74% and 81% for credit access, premises access, market expansion, and supply chain participation support. However, policies aimed at improving technology access were rated lower due to shortcomings in timeliness and continuity.

Despite these policies' positive impacts, the access level remains limited. Among the 873 enterprises surveyed, 474 (54%) reported not receiving support due to weak policy communication and

difficulties meeting eligibility criteria. Businesses cited insufficient awareness of existing policies and inadequate guidance as primary barriers. These findings highlight the need for the Hanoi city government to improve policy dissemination, establish clearer communication channels, and tailor guidance to align with the specific characteristics of SMEs. The results validate the conceptual framework, confirming statistically significant relationships between the support factors and business performance. Credit support demonstrated the strongest effect, explaining 50% of the variance in business outcomes, followed by technology support market expansion and supply chain participation support. Notably:

- a) Credit support addresses financial constraints and improves operational stability.
- b) Technology support fosters innovation, but accessibility challenges hinder its effectiveness.

Market expansion and supply chain support reduce costs and enhance growth opportunities, though their lower overall impact emphasizes the need for continuous engagement and communication. This study underscores the contingent nature of enterprise success, showing that aligning external support mechanisms with the specific needs of SMEs significantly enhances performance. The findings provide actionable insights for policymakers and stakeholders to design targeted interventions that address SMEs' diverse needs. By refining support mechanisms and improving accessibility, governments can promote sustainable growth and strengthen the resilience of SMEs. These insights also serve as a foundation for future research, advocating for a more adaptive and inclusive approach to policy implementation in dynamic business environments.

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