



Hanoi, Vietnam

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## CPA Australia: Tech spurs V-shaped rebound for Vietnam's small businesses

- Vietnam's small businesses recovered faster from COVID-19 than the Asia-Pacific average.
- Technology investment, digitalisation and external financing supported business rebound.
- Most of Vietnam's small businesses expect to grow in 2021, many will increase headcount.

A combination of rapid business transformation, strong technology adoption and access to finance has enabled Vietnam's small businesses to experience a V-shape rebound from the impacts of the COVID-19 pandemic. Small businesses from Vietnam are the second most likely to expect to grow in 2021 of the markets surveyed in CPA Australia's 2020-21 Asia-Pacific Small Business Survey.

The survey canvasses the views of 4,227 small businesses in 11 markets across the Asia-Pacific region, including Australia, Mainland China, Malaysia and India, to understand their business strategies and outlook. Three hundred and ten Vietnamese small businesses took part.

Vietnamese small businesses considered COVID-19 their biggest challenge last year. Eighty-one per cent of respondents reported that it had a major negative impact on their business, the highest result in the survey. Nevertheless, Vietnam's small business sector has shown exceptional resilience and adaptability. Seventy-seven per cent of its small businesses have recovered from COVID-19 or expect to recover in 2021, which is significantly higher than the survey average of 39 per cent.

"Vietnamese small businesses demonstrated remarkable agility in turning risks into opportunities last year. They were the most proactive in digitalising in response to COVID-19, with 42 per cent of respondents stating that they began or increased online sales. It's also encouraging that despite a very challenging 2020, 63 per cent of small businesses in Vietnam grew, which is the second highest of the markets surveyed," said Hien Nguyen, Chief Representative of North Vietnam at CPA Australia.

The solid business rebound is expected to continue in 2021. Eighty-six per cent of respondents expect their business to grow this year, the second highest result of the markets surveyed. Eighty-seven per cent expect the local economy to grow, the most positive result of the markets surveyed. This positive outlook is reflected in the intention of Vietnam's small businesses to increase staff headcount (42 per cent) and to introduce new products, services or processes to local or overseas markets (25 per cent) this year.

"Strong growth prospects and a culture of innovation among Vietnamese small businesses tie in with the government's economic target of an average annual growth rate of 6.5 per cent to 7.0 per cent for the 2021-25 period and the focus on industrial upgrades and transformation," Hien said.

The survey findings show a significant link between using technology and strong business growth. Seventy-eight per cent of small businesses in Vietnam reported that investment in technology in 2020 has improved their profitability. This is the strongest response of the surveyed markets and well above the survey average of 48 per cent.

"It's not surprising to see that three-quarters of Vietnam's small businesses receive more than ten per cent of sales through new payment technology, which puts them in third place in the survey. They were also most likely to have invested in point of sale equipment in 2020. This indicates that



many small businesses have proactively responded to the pandemic by increasing their digital technology adoption,” Thien Huynh, Chief Representative of South Vietnam at CPA Australia, said.

Government policies such as the VND 250 trillion credit support package and a friendly financing environment have enabled Vietnamese small businesses to continue to grow. Seventy-three per cent of small businesses indicated that they sought external funds in 2020. Forty-eight per cent found accessing external finance easy or very easy, up from 17 per cent in 2019. Among the businesses that sought external funds, 58 per cent used them for business growth and 56 per cent sought funds from a bank.

“Demand for external funds remains robust among Vietnamese small businesses in 2021. Fifty-one per cent of respondents expect to seek external finance this year and 67 per cent expect to use the funds for business growth in 2021. Government support measures are likely to continue to make it easier for small businesses to access external finance this year,” Thien said.

Although small businesses in Vietnam are optimistic, they need to take their cybersecurity more seriously. While 46 per cent expect to be cyberattacked in 2021, only 32 per cent have reviewed their cybersecurity in the past six months, lower than the survey average of 43 per cent.

CPA Australia recommends that Vietnamese small businesses consider the following actions to improve their recovery prospects:

- Seek advice from a trusted adviser, such as an accounting professional.
- Enhance cybersecurity protections and review IT systems regularly.
- Pay attention to debt and the cost of external finance.
- Explore new opportunities to diversify and expand into new markets.
- Invest in up-to-date devices and relevant technologies.
- Pay attention to costs and strive for sustainable growth.

Download [CPA Australia Asia-Pacific Small Business Survey 2020-21](#)

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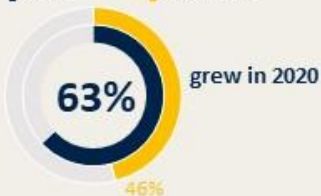
## CPA AUSTRALIA

### ASIA-PACIFIC SMALL BUSINESS SURVEY 2020-21

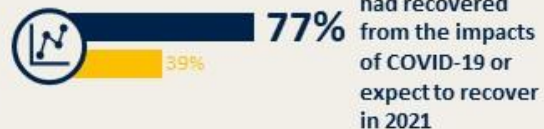
#### VIETNAM

#### BUSINESS PERFORMANCE IN 2020

■ Vietnam ■ Survey average



#### IMPACTS OF COVID-19



#### BUSINESS OUTLOOK IN 2021



#### RECOMMENDATIONS FOR SMALL BUSINESSES

Enhance cybersecurity protections and review IT systems regularly

Pay attention to debt and the cost of external finance

Invest in up-to-date devices and relevant technologies