

# THE INTERNATIONAL JOURNAL OF BUSINESS & MANAGEMENT

## COVID-19 –The test of Sustainability of Development in Vietnam

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### **Abstract:**

*Economies in the globalized context have heavily suffered from Covid-19 and it revealed the fact that not enough attention is paid on health care, social, and psychological ecological aspects in economic development. This research conducted a survey to evaluate the impacts of Covid-19 the daily lives of the public in Vietnam and suggesting policy implications for sustainable development. The paper concludes that the impacts of Covid-19 on the daily life of people were not so significant but it awakened people about the values of sustainable development. Vietnam government should take the chance to adjust policy toward sane, humane and ecological economy.*

**Keywords:** Sustainability, sane, humane and ecological economy, self-reliant

### **1. Introduction**

Pollution, climate change, forest fires, floods and droughts occur all over the world as results of excessive economic expansion. The Covid-19 crisis was the next serious consequence of the excessive economic development without respect for social, psychological and ecological limits. This pandemic has affected all aspects of life all over the world. It revealed the social, psychological, religion, economic, politic, ecological, and health care problems.

Societies defend themselves through quarantine, social distancing, restricting on people's movement. The disease continues to spread widely. According to socio-psychologists social isolation will lead to social problems such as inequality and heavy post-traumatic stress. Covid-19 has affected classes, residential areas, occupational and age groups differently. The vulnerable people have been affected more seriously.

No one can predict how long this pandemic will last but life continues. So we need to adapt to have a normal life. However, the normal life of the new world is shaped by changes in our thoughts and actions. The research question is *what the impact of COVID-19 on people's life is*. The purpose of this paper is to clarify the degree of sustainability of economic activities and propose policy implications. The paper is structured into 3 parts. The first part is theoretical basis and assumptions, the second part is research method and results, and the third part is conclusions and policy implications.

### **2. Theoretical Basis and Assumptions**

#### *2.1. Theoretical Basis*

The conventional economic expansion revealed more and more serious problems. Since the second half of the 20th century emerged the following predictions about the futures of the world economy: (1) *Business-as-usual*. This perspective warns that there will be changes, crises... but no solution found. (2) *Disaster*. According to this perspective disaster is inevitable. Everything starts to collapse catastrophically - the danger of nuclear war, increasing discontent, pollution, poverty, famine, disease and violence nationally and internationally - there is no way to fix it. (3) *Authoritarian Control* (AC). In this view, to prevent crises, people must be restrained by authoritarian governments. (4) *Hyper Expansionist* (HE). In this view the world economy can be further expanded by promoting Western development forces by further development of nuclear energy, gene technology, biotechnology, and aerospace colonization, so that it can breakout physical, energy, biological and intellectual limits. (5) *Sane, Humane, Ecological* (SHE). According to this perspective, instead of speeding up, it is necessary to change the direction, not to expand but to balance - balance in us, balance between us and others, balance between us and nature. The new limits for growth are social and psychological, not technical and economic. The only realistic direction is to learn to live together in this small and crowded planet (Robertson, J. 2008).

There are 5 limits to growth. *Physical limits*: This planet is limited, limited resources but inefficiently used and especially unfairly distributed. *Social limits*: The formal economic sector expansion reduced social values of socially scarce goods. *Institutional limits*: The formal economic sector expanded and complicated, institutionalized and congested, it is the point where wealth-creating activities generate such great transaction and social costs. *Psychological limits*: Nowadays

more and more people live on remote and more and more aspects of our life depend on remote, impersonal institutions, this leads to the personal responsibility eroded. *Conceptual limits*: More and more people lose faith in conventional economic thinking because more and more physical, social, institutional and psychological limits have become apparent, which conventional economic thinking assumes they do not exist.

Green economist M.S. Cato (2009) also doubted the neoclassical economists' claim that the market is the most effective way to organize economic life. SHE's economic path is based on advanced, balanced, humane and ecological technology then humans will have a better life, social justice and ecological sustainability.

The characteristics of SHE's economic path are *recyclable energy* - solar and wind energy, organic and reliance agriculture; *lower throughput, greater durability*- high durable industrial products, more emphasis on repair and consumers buy what they need, not because they are persuaded to buy through advertisement techniques (John David, 1979); *people first, things second* - priority given to activities creating jobs good for society and satisfy individual needs, especially needs at higher levels of Maslow's hierarchy; *self-reliance and mutual aid* - do not specialize further; *more decentralized economy* - further development of the self-reliant local economy; international economic activities will focus on common shared values, each country should be assisted in order to become more self-reliant, not more dependent and exploited by rich countries; *technology as servant*; reduce urbanization and even reverse this trend - *develop self-reliant towns and villages*; *greater economic equality* nationally and internationally; *work, leisure and life* - people do what they like and benefits society and ecological environment, pursue their personal goals and values, man and woman share work in the family and in society more equitably, happiness with their family, friends, neighborhood should be pursued.

Conservative economists emphasize physical limits, so they believe that authoritarian control may be necessary to achieve a sane economy.

In the conventional view economy, society and environment interact but are not interdependent. The SHE's view considers the economy as part of society as a component of the environment. Both the economy and society depend on the environment, economic activities take place in the network of social relations (Figure 1).

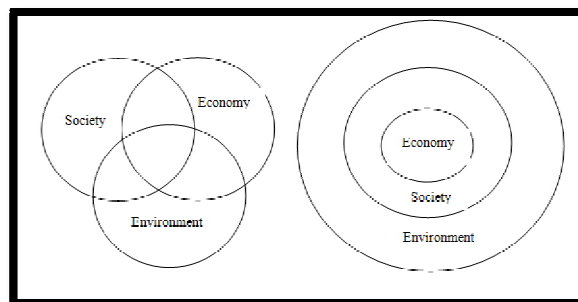


Figure 1: Reimagining the Relationships between Economy  
Society and Environment  
Source: Molly Scott Cato, 2009

*Employment in SHE.* Green economists consider unemployment will not be problematic because the 200-year industrialization has destroyed a lot of things which need to be repaired. Doing housework and looking after children will help recreate skills. In SHE working is a social, human process, not a tool for survival. About *taxes*, M. Legum (2002) proposed the use of strategic green tax series to achieve such objectives as income redistribution, encouraging the separation of large companies into smaller businesses, supporting less pollution agriculture, etc. Regarding *welfare*, it must take into account all species, not just humans. The economy must respect the planet's finiteness, people must live in balance with nature.

Green economists support self-sufficient, independent local communities accompanied with large industrial economic units. There is evidence of the fact that people have returned to products made at home and in the neighborhood. Others prefer developing their personal interests and passions instead of racing for economic benefits. The *Transition Towns* movement in the UK, started in 2006, is an initiative to increase self-reliance, reduce potential impacts from climate change and economic instability. It has inspired countries in Europe, South America, and Australia. This movement has trained people skills in growing vegetables, sewing, repairing, preserving excess agricultural products, and spinning textiles. Today this movement has spread to Arab countries also.

According to Li Edelkoort, one of the world's most influential trend forecasters, the impact of Covid-19 is multilayered and sophisticated, forcing us to slow down and think about the end of the conventional ways of production and consumption. Economies across the word depend too much on raw materials and goods from China. Covid-19 has caused a severe stagnation. When this virus is controlled, we must restart with new laws, countries will return to their own skills, where traditional local craftsmanship will be honored and people will be the focus of organizations. The Age of the Amateur seems to be coming faster than predicted before (Channel 14, 2020).

## 2.2. Assumptions of the Research

- H1: The more sustainable development the less economic pressure created by Covid-19.
- H2: The more sustainable development the less skills to do housework must be recreated during the period of the pandemic.

- H3: The more sustainable development the more fair trade and the weaker impact created by Covid-19.
- H4: The more sustainable development the less positive impact on recognition created by Covid-19
- H5: The more sustainable development the less negative impact on employment created by Covid-19
- H6: The more sustainable development the less positive impact on recognition of the role of the local production and consumption of necessities created by Covid-19

### 3. Research Method and Results

#### 3.1. Research Method

This paper tried to find an answer to the question of how the sustainability of economic development has been tested by Covid-19. The online survey was undertaken from 13rd to 26th April 2020. The scales included in the questionnaire are *economic pressures, skills, recognition, trade, employment, sustainability, alveral impact of Covid-19*. Table 1 showed coded scales. Respondents marked on the Likert 5 level scale (1= completely disagree, 5 = completely agree). 278 responses were received, sufficient for exploratory factor analysis (EFA) - the minimum is  $n = 195$  (Hair et.al., 1998). Information collected was processed by software SPSS 25.

Code	Content
	Economic pressures
EP1	Miserable of being fired because working is wanted and a way to survive.
EP2	Life is hard because having it is difficult to buy food due to financial shortage.
	Skills
SK1	Must learn to do housework (these jobs were previously done by homemakers).
SK2	Must take care of children or teach them because schools are closed.
SK3	Take care of elders (these jobs have was previously done by homemakers).
	Trade
TR1	Employment of the family bread earners has been reduced due to the lack of production inputs (previously imported from abroad or from other localities).
TR2	Employment of the family bread earners has been reduced due difficulty in selling products (previously exported to foreign countries or sold in other localities).
TR3	Prices of necessities increased but the beneficiaries are not producers but traders that make trade (exchange) become more unfair.
TR4	Realizing that trade is unfair, producers receive a relatively small portion of the value of the product compared to traders.
	Recognition
RE1	Family members are more cohesive.
RE2	Recognizing health is more important than money
RE3	Recognizing quality goals is more important than quantity goals.
	Employment
EM1	Being fired but family bread earners have a lot of work to do: repair works, garden works, take care of children and elderly.
EM2	Doing housework is a hobby.
EM3	Miserable of being fired because working is wanted and is not a way to survive
	Sustainability
SU1	Recognize the importance of those who produce necessities.
SU2	It is fairer that the daily life of people living in rural areas has been affected less than those living in urban areas due to the necessities produced and sold there.
SU3	Recognizing minimal life is beneficial for both individuals and society because it does not create the pressure to earn a lot of money.
SU4	Recognizing the meaning of sufficiently and less greedy living will ensure justice between generations and ensure sustainable development.
SU5	Recognising that firms using local inputs and to sell their products locally have been less affected than those using inputs that import and/or export their products.
	Alveral impact of Covid-19
IM1	The impact of Covid-19 on your family life is serious
IM2	Covid-19 helps seeing values of life other than economic growth.

Table1: Coded Items of Scales

#### 3.2. Results and Interpretation

##### 3.2.1. Characteristics of the Sample

The majority of the households surveyed are nuclear families, with a membership of 4 and 5 people - accounted for 45% and 25.9%, respectively. The large part of households - 68.3%, is with 2 bread earners, the second place occupied by those with 3 bread earners - 21.8%. The main source of households' income comes from wage paid employment -

46.8%, from self-employment - 22.5%, and from both two mentioned above sources - 30.2%. Necessities consumed by the majority of households (57.2%) were bought from local producers, 30.9% of households purchased necessities not from local producers, 10.8% of households produced them for themselves. 55.8% of the surveyed households lives in rural areas, the rest (44.2%) lives in urban areas. 52.9% of households suffered bread earners lay off (Table 2 and Figure 2) during the pandemic.

N	Minimum		Maximum	Mean	Std. Deviation
EP1	278	1	5	3.76	.977
EP2	278	1	5	2.88	1.216
SK1	278	1	5	2.31	1.254
SK2	278	1	5	2.86	1.241
SK3	278	1	5	2.26	1.198
TR1	278	1	5	3.15	1.230
TR2	278	1	5	3.20	1.182
TR3	278	1	5	3.43	1.041
TR4	278	1	5	3.34	.999
EM1	278	1	5	3.41	1.046
EM2	278	1	5	3.16	1.110
EM3	278	1	5	2.91	.991
RE1	278	1	5	3.59	1.097
RE2	278	1	5	3.92	.943
RE3	278	1	5	3.74	.911
SU1	278	1	5	3.70	1.002
SU2	278	1	5	3.26	1.046
SU3	278	1	5	3.40	1.065
SU4	278	1	5	3.58	1.047
SU5	278	1	5	3.53	1.107
IM1	278	1	5	3.31	1.025
IM2	278	1	5	3.79	.908
Valid N (listwise)	278				

Table 2: Descriptive Statistics

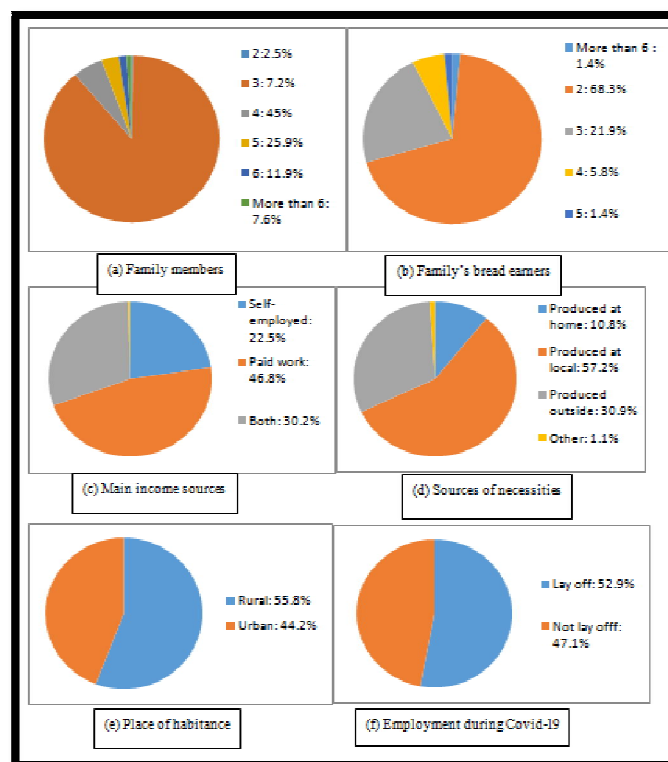


Figure 2: Characteristics of the Sample

The reliability test for scales was done for each group. Scales included were those with coefficients of Cronbach's Alpha higher than 0.7 and Corrected Item-Total Correlation equal or higher than 0.3 (Nunnally, J. 1978) (Table 3).

Scales	Coefficient of Cronbachalfa	Number of items	Significance
Skills (SK)	0.760	3	Significant
Trade (TR)	0.785	4	Significant
Recognition (RE)	0.778	2	Significant
Sustainability	0.816	5	Significant
Employment	0.707	2	Significant

Table 3: Values of Coefficients of Cronbach Alfa

The Principal Component Analysis was done with all variables with Corrected Item-Total Correlation coefficients equal or higher than 0.3. KMO and Bartlett tests of Kaiser-Meyer-Olkin Measure of Sampling Adequacy is 0.789 ( $> 0,5$ ) and Sig. of Bartlett's Test is  $0,000 < 0,05$ . 4 principal components with Eigenvalues  $> 1$  were extracted and Total Variance Explained of those 4 factors is 64.459% (Table 4).

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	3.807	27.195	27.195	3.807	27.195	27.195	2.756	19.686	19.686
2	2.623	18.737	45.932	2.623	18.737	45.932	2.192	15.658	35.344
3	1.468	10.487	56.418	1.468	10.487	56.418	2.109	15.068	50.412
4	1.039	7.422	63.840	1.039	7.422	63.840	1.880	13.429	63.840

Table 4: Total Variance Explained

Rotation converged in 5 iterations and extracted 4 components with factor loadings larger than 0.5 (Table 5).

	Component			
	1	2	3	4
RE3	.863			
RE2	.854			
SU1	.748			
RE1	.653			
SK3		.842		
SK1		.811		
SK2		.751		
IM1				
TR2			.893	
TR1			.862	
TR3			.689	
SU2				.833
SU3				.683
SU5				.668

Table 5: Rotated Component Matrix<sup>a</sup>

The factors were recomputed. 4 new factors are *Recognition of Sustainability (RESU)* which is the mean of variables RE2, SU1, SU2, SU3, SU4 and SU5; factor *Family(REEM)* is the mean of variables RE1, EM1vàEM2; factor *Skills* is the mean of variables SK1, SK2vàSK3; factor *Trade* is the mean of variables TR1, TR2vàTR3.

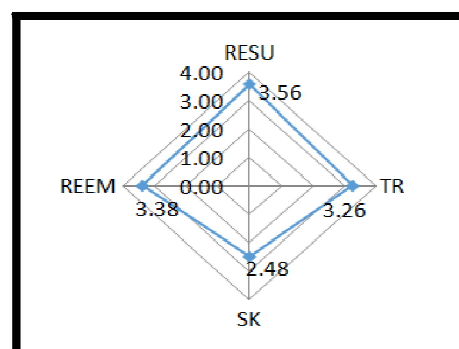


Figure 3: Mean of 4 Factors

Descriptive statistics of newly created factors show that Covid-19 generally has insignificant impact on daily life of people. The average value of factor RESU is 3.56 showing that Covid-19 awakened people about the values of sustainable development: health is more important than money, the role of producers of necessities is important. People live in rural

have been affected by Covid-19 less than those live in urban areas because necessities are produced and sold there, and minimal life is good for health because it does not create pressures to make more money, self-sufficient living will generate justice between generations, and businesses producing and selling their products locally have been less affected by the breakout of the supply chains. The mean value of factor TR is 3.36 suggesting the fact that respondents agree that trade based on the comparative advantage theory is unsustainable and unfair. Covid-19 reduced employment of businesses using inputs purchased from the outsiders or imported and those selling their products outside or exported. In addition, fighting pandemic through social distancing leads to an increase in the prices of necessities, and beneficiaries were not those who produced them, but the traders. The mean value of factor SK is 2.48 showing that the majority of respondents disagree with the idea that social distancing forces them to be retrained in the skills of doing housework. In fact, in Vietnam, this is the result of cultural traditions and specialization is not at the level that would destroy the skills of doing housework and taking care of children and elders in the family. The mean value of factor REEM is 3.38, suggesting that most of the surveyed households are inclined to the idea that social distancing makes family members more engaged, those who were fired have jobs to do at home such as repairing, gardening, caring for the elderly and young children, and underemployment will be boring because labor is a human need, not a means earn living (Figure 3).

### 3.3. Policy Implications

Covid-19 has awakened the world to change the production and consumption approach and it was a test of predictions about futures by scholars since the late 20th century. Based on the data analysis we propose following policy implications towards a sane, humane and ecological economy. *Firstly*, the emphasis of development policies must be placed on social and psychological rather than economic limits, policies must be inter-determined, for example, housing policies related to transportation and health policies. Covid-19 have shown the risk of collapse of the healthcare systems, and social chaos if the number of infected surges. Green activists have proposed a Citizen's Income. In Vietnam this policy may not be applicable, of course, it is necessary to invest more in health and social security schemes. *Secondly*, large companies must develop with local economic communities together, based on mutual support and cooperation, produce and consume locally, reduce transportation of inputs and products, thereby reducing impacts on the ecological environment and reduce risks of supply chain disruption. The informal sector should be encouraged to develop through financial and technical support policies. Generally, economic activities in the informal sector are small so people communicate with each other and know each other, leading to higher personal responsibility to society, especially when they have ownership or use rights of resources, they will use them in a preservable and ecologically sustainable approach rather than exploitation. *Thirdly*, it is advantageous to take this opportunity to enhance education on sane lifestyle, green production and consumption. Covid-19 has affected how every individual is recognized in society, consumption patterns in some classes have changed markedly in a positive way - people grow vegetables, raise poultry by themselves, demand for frivolous goods and services has decreased, recognition for the role of necessity good producers is enhanced, so it is good to take the chance to turn it into a widespread movement like Do-It-Yourself which has been developed in countries in Europe US and Australia and so on. *Fourthly*, enhance the digital transition. During Covid-19 online learning and working from home have become the norm, so governments should promote digital technology in society administration more and more to reduce social costs and thus increase transparency as an effective way to fight corruption. *Fifthly*, during Covid-19, people found the best way to move while maintaining social distance. This is an opportunity for local governments to consider reshaping the infrastructure system serving public so that the use of polluting vehicles will be reduced.

### 4. Conclusion

Covid-19 has seriously affected every aspect of life over the globe. However, in Vietnam, thanks to the political will of the government, the devoted dedication of the medical personnel, the cooperation of the people, the fight to combat Covid-19 has achieved proud success. Especially during the time of pandemic, many organizations and individuals have helped the poor overcome the crisis with free meals, rice ATMs, cash grants, necessity goods etc. This is a clear image of a humane society - one of the characteristics of sustainable development. The production and consumption approach is sustainable at some extent. The pandemic will over, the normal life will come back but in the new state where new patterns of behavior formed.

The drawback of this paper is that the impact of Covid-19 on the environment has not yet been investigated. It is a big topic that deserves to be studied in another work.

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