



Improve the Provincial Competitiveness Index (PCI) in Bac Ninh Province.

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ABSTRACT:

The Provincial Competitiveness Index (PCI) is a joint research product of the Vietnam Competitiveness Initiative (VNCI) project and the Vietnam Chamber of Commerce and Industry (VCCI). The PCI is designed to assess the business environment, the quality of economic governance, and the administrative reform efforts of local governments, thereby promoting the development of the domestic private economic sector. According to the assessment of the Vietnam Chamber of Commerce and Industry, in 2022, Bac Ninh ranked 7th out of 63 provinces and cities nationwide, maintaining its ranking compared to 2021. This paper provides a detailed assessment of the 10 component indices of the Provincial Competitiveness Index of Bac Ninh in 2022. From there, it can be seen which indicators have increased and need to be promoted, and which indicators have decreased and need solutions to overcome. The paper also proposes a number of solutions to improve the provincial competitiveness index of Bac Ninh province.

Keywords: competitiveness index, Bac Ninh

1. Theoretical basis

Provincial Competitiveness Index

The Provincial Competitiveness Index, abbreviated as PCI, is designed to assess the business environment, the quality of economic governance, and the administrative reform efforts of provincial and municipal governments in Vietnam. In addition to focusing on analyzing businesses' perceptions of the quality of economic governance, the annual PCI survey also conducts surveys of foreign-invested enterprises (FDI) operating in Vietnam, assesses business confidence in business prospects, ranks the quality of local infrastructure, and conducts thematic research on a prominent trend or policy that has a major impact on business production activities nationwide.

The PCI has been a joint research product of the Vietnam Chamber of Commerce and Industry (VCCI) and the United States Agency for International Development (USAID) since 2005. The PCI is determined through a system of component indicators. Each component indicator has a weight and includes a number of constituent indicators, reflecting different areas and aspects in which local authorities directly influence the production and business activities of enterprises.

The PCI measures the quality of economic governance of provincial governments in 10 areas that are important for the development of enterprises in the private economic sector. Accordingly, a locality is considered to have good governance quality when it has: 1) low market entry costs (5%); 2) easy access to land and stable land use (5%); 3) a transparent business environment and public business information (20%); 4) low informal costs (10%); 5) Fast time for inspection, inspection, and administrative regulations and procedures (5%); 6) Equal competitive environment; 7) Provincial government is dynamic and creative in solving problems for businesses (5%); 8) High-quality business support services (5%); 9) Good labor training policies (20%); and 10) Fair and efficient dispute resolution procedures and maintenance of public order and security (5%)

(1) Market Entry Costs (5%): This component index measures the difference in market entry costs for newly established businesses between provinces, measuring the time it takes for a business to register a business, apply for land (number of days), receive all types of licenses, and complete all necessary procedures to conduct business activities. In addition, the index also assesses the effectiveness of the One-Stop-Shop Department when registering a business through criteria such as friendly, enthusiastic staff, professional expertise, and clear instructions on procedures at the One-Stop-Shop Department.

(2) Land Access and Land Use Stability Index (5%): This index assesses two aspects: (i) records the difficulties in finding suitable production and business premises; these difficulties not only cause businesses to lose investment opportunities but also limit access to credit sources due to the lack of collateral at banks. Accordingly, this index is calculated based on the status of whether the enterprise has a Land Use Right Certificate or not, whether there is enough space to meet the needs of expanding the premises or not, the actual price in the localities in the relationship between the demand and land fund of the locality, and the quality of implementation of land administrative procedures through the rate of enterprise administrative procedures and not encountering any difficulties. (ii) Assessing whether the prices of land-related policies create "stability in land use" and whether businesses feel secure

about their long-term land use rights. When businesses are assured of the stability of the production premises, they will be confident in investing in them in the long term.

(3) Transparency and Access to Information Index (20%): Transparency is one of the most important factors in distinguishing which business environment facilitates the development of the private sector. The assessment of transparency must meet the following five attributes: availability of information (or the ability of businesses to access information), fairness, stability, predictability of the implementation of policies and regulations, and openness through assessing the level of popularity of the province's information portal. Accordingly, the indicators used in this index are: ease or difficulty of accessing planning documents and legal documents; do businesses need to rely on relationships to access documents? Is there any collusion with tax officials during business operations? The role of associations in policy advocacy and consultation, and the openness of electronic information portals.

(4) Time Cost for Implementing State Regulations (5%): measures the time that businesses have to spend when implementing administrative procedures, as well as the frequency and time that businesses have to suspend business operations for provincial state management agencies to conduct inspections, for example, the percentage of enterprises spending more than 10% of their time in a year studying and implementing state regulations; the number of annual inspections; the average time of tax audits and inspections; and criteria for assessing the effectiveness of civil servants in general.

(5) Informal Cost Index (10%): measures the level of informal costs that businesses have to pay as well as the obstacles caused by these costs to the business activities of businesses. Do the payments of informal costs bring the expected results or "services," and do state officials use legal regulations to take advantage?

(6) Equal Competition Index: This component index assesses the competitive environment for private enterprises in the face of preferential treatment for state-owned enterprises (SOEs), foreign-invested enterprises (FDI enterprises), and enterprises that are familiar with provincial government officials, manifested in the form of specific privileges and incentives when accessing resources for development such as land, credit, etc., and are given priority treatment in the implementation of administrative procedures and policies.

(7) Provincial Government's Dynamism and Pioneering Index (5%): This index measures the creativity and intelligence of the provincial government in implementing the policies of the Central Government and in making its own initiatives to develop the private economic sector, while assessing the ability to support and apply policies that are sometimes unclear from the Central Government in a direction that benefits businesses, as well as the effectiveness of the implementation of the provincial leaders' policies by the provincial departments, branches, and districts.

(8) Business Support Services Index (20%): This component index assesses business support services—services that play a key role in helping businesses succeed in their business operations. The assessment of these services is based on three main aspects: the popularity of the service (whether businesses use it in the province), the level of participation of private providers, and the quality of the service (through the criterion of whether to use the service again in the future). The six groups of services include: market information search services; legal advisory services; business partner search support services; trade promotion services; services related to technology; accounting and finance training; and business management training.

(9) Labor Training Index (20%): This component index reflects the level and quality of vocational training and skill development activities implemented by the province to support local production and business sectors, as well as to find jobs for local workers.

(10) Legal Institution and Public Order and Security Index (5%): This component index reflects the confidence of private enterprises in local legal institutions. Whether businesses view local institutions as an effective tool for resolving disputes or a place where businesses can complain about harassment by local authorities, the security and order situation is maintained stably.

3. The current status of the PCI index in Bac Ninh province

Over the years, the results of improving the Provincial Competitiveness Index (PCI) of Bac Ninh Province have always been well appreciated by businesses. In 2022, Bac Ninh province ranked 7th out of 63 provinces and cities nationwide in terms of the Provincial Competitiveness Index, among the provinces with good quality. Businesses are gradually satisfied and highly appreciate the investment and business environment in Bac Ninh, reflecting the quality of economic governance and the dynamism and creativity, as well as the efforts to drastically reform the administrative procedures of the local government.

Table 1: PCI index of Bac Ninh province in the period 2018–2022.

Indicator	2022	2021	2020	2019	2018
Market Entry	7.13	6.53	7.04	6.88	7.22
Land Access	7.05	7.14	7.07	7.55	6.39
Transparency	6.59	6.39	5.34	7.02	5.85
Time Cost	8.54	8.47	8.42	7.23	7.12
Informal Cost	6.83	7.27	7.69	7.24	5.32
Fair Competition	6.93	6.29	6.46	7.51	5.30
Dynamism	6.23	7.27	6.55	7.34	5.99

Enterprise Support Policy	6.48	7.27	6.75	6.62	6.52
Labor Training	7.57	6.74	6.82	7.03	7.69
Legal Institution	7.09	7.06	6.95	7.91	6.06
PCI	69.08	69.45	66.74	70.79	64.50
Rank	7	7	10	4	15

Source: According to the PCI report for 2022

According to the provincial competitiveness index (PCI) report for 2022, with a score of 69.08 points, this is the second consecutive year that Bac Ninh has achieved this ranking (2021 and 2022). In the 10 PCI component indices in 2022, Bac Ninh province had six indices that increased compared to 2021: Market entry increased by 0.6 points; transparency increased by 0.2 points; time cost increased by 0.07 points; equal competition increased by 0.64 points; labor training increased by 0.83 points; and legal institutions increased by 0.03 points.

There are 4 indices that decreased, including: land access decreased by 0.09 points; informal costs decreased by 0.44 points; dynamism decreased by 1.04 points; and business support policies decreased by 0.79 points. In the Red River Delta region alone, Bac Ninh province ranked 3rd after Quang Ninh and Hai Phong provinces.

As a result, over the years, the results of improving the PCI index of Bac Ninh province have always been highly appreciated by businesses, especially during the 2015–2019 period. The PCI index score continuously increased, although it decreased in 2020. The ranking was still good, ranking 10th out of 63 provinces and cities with 66.74 points. With a mechanism and policies that are innovative and creative, up to now, Bac Ninh has attracted many investors from many countries and territories with advanced and modern industrial production, such as Japan, Korea, Europe, America, etc. The electronics industry is a key industry, accounting for more than 80% of the total industrial production value. Businesses in the Bac Ninh province greatly appreciate the fact that they do not need to work directly with specialized agencies to establish their businesses; instead, they can do so entirely online. In addition, businesses can access information, process information, and report updated information quickly to the leaders of Bac Ninh province through the 3rd Rapid Response Team supporting businesses (a model inherited from the rapid response team in the fight against the COVID-19 pandemic).

To restore and develop the economy, Bac Ninh organizes the assessment of competitiveness at the department, industry, and locality levels (DDCI), raising the responsibility of leaders of departments, industries, and localities in economic management, supporting businesses, and creating maximum conditions for people and businesses to participate in economic development. Accordingly, specialized departments and sectors work together with business households and enterprises to develop e-commerce, transforming the model from business households to enterprises to promote effective production and business. 100% of enterprises in Bac Ninh province are established in an online environment; no enterprise has to work directly with specialized agencies on business establishment.

To create an attractive environment for investors, in addition to developing social infrastructure and preferential policies, human resources play an important role. Therefore, the training of laborers is always of concern to Bac Ninh Province. For example, the "Labor Training" Index of Bac Ninh ranked 2nd out of 63 provinces and cities in 2022. The "Time Cost" Index ranked first in the country. The "Business Support" Index ranked 5th, and the "" and "Equal Competition" Indexes were both ranked in the high group of the country.

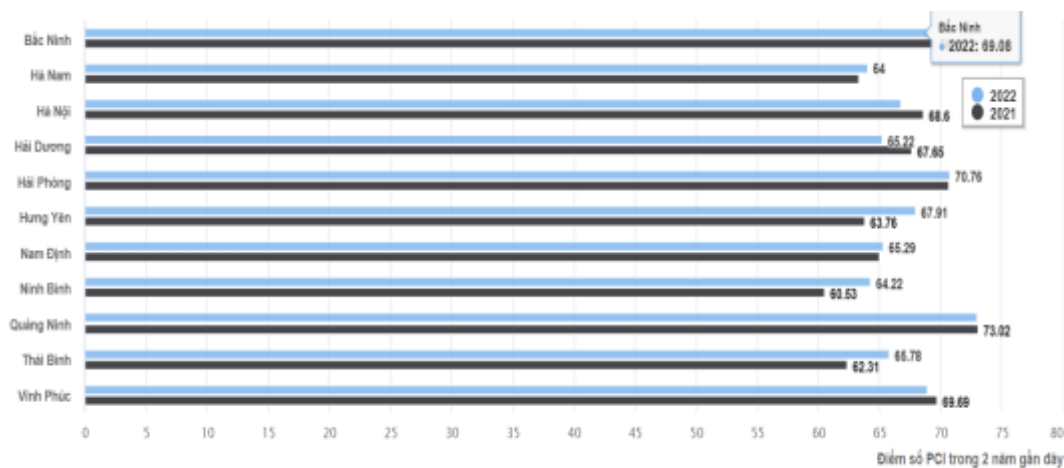
Table 2: PCI Index of the Red River Delta Region in 2022

	PCI Score	CI1: Market Entry	CI2: Land Access	CI3: Transparency	CI4: Time Cost	CI5: Informal Cost	CI6: Fair Competition	CI7: Dynamism and Pioneers of Government	CI8: Enterprise Support Policy	CI9: Labor Training	CI10: Legal Institutions, Order, and Security
Quang Ninh	72.95	7.16	7.57	6.64	7.89	7.73	6.57	7.49	6.24	7.67	8.11
Hai Phong	70.76	6.45	7.22	6.22	7.91	7.22	7.16	7.49	6.39	6.57	7.87
Bac Ninh	69.08	7.13	7.05	6.59	8.54	6.83	6.93	6.23	6.48	7.57	7.09
Vinh Phuc	68.91	6.98	6.99	6.09	7.46	7.12	6.19	7.04	6.61	6.07	8.23
Hung Yen	67.91	6.49	7.63	5.31	7.89	7.68	6.69	6.71	5.57	5.76	8.03
Ha Noi	66.74	6.47	6.21	6.32	7.82	6.75	6.49	6.35	6.24	7.51	7.23

Thai Binh	65.78	7.10	6.94	4.95	6.76	6.88	4.87	7.20	5.77	6.29	8.50
Nam Dinh	65.29	7.03	7.57	5.67	7.40	6.93	4.31	6.74	5.94	5.52	8.44
Hai Duong	65.22	7.55	7.35	5.31	7.08	6.81	5.41	6.67	5.95	5.61	7.73
Ninh Binh	64.22	6.53	7.12	5.69	7.69	6.96	5.90	6.20	5.17	6.40	7.35
Ha Nam	64.00	6.71	5.93	5.87	7.46	6.87	5.92	6.88	5.68	5.86	7.12

Source: Compiled by author

Figure 1: Comparison of Bac Ninh with the Red River Delta provinces



4. Conclusion

In the coming time, Bac Ninh province needs to focus on overcoming low-score indicators:

Firstly, effectively implement the project "Innovation of activities, improving the quality of providing public administrative services at the provincial, district-level administrative centers, and commune-level one-stop departments," contributing to improving the quality assessment indicators of the locality and striving to rank the PAR Index in the group of 5 leading provinces and cities nationwide. Administrative reform focuses on promoting the positive role of e-government associated with the effective operation of public administrative centers and taking people's and businesses' satisfaction as a measure for the development and effective service of the administrative apparatus.

Secondly, promote the application of information technology in a substantive and sustainable manner, operate the smart city model effectively, publicly, and transparently, and strive to rank the ICT Index in the group of 5 leading provinces and cities nationwide. Promote the application of smart technology in receiving business opinions, dialogue, and online investment promotion.

Thirdly, continue to improve the quality of the contingent of cadres, civil servants, and public employees, and strengthen discipline and administrative discipline. Strengthen coordination, inspection, and examination in the implementation of administrative procedures and publicize and ensure transparency in the operation of agencies, organizations, and units at all levels of government. Raise the responsibility of leaders at all levels, sectors, agencies, and units in implementing regulations on receiving citizens' feedback, suggestions, complaints, and denunciations from people and businesses.

Fourthly, develop business support services, improve land index, and support businesses and laborers; functional departments and sectors coordinate with the Provincial Administrative Center to consult on the development of legal documents in enterprise management and fields, especially those related to investment, construction, and land according to the method of cyclization, reducing time, and simplifying paper records. Develop labor training programs and employment services to meet new requirements for the development of FDI enterprises, industrial parks, high-tech industries, trade, service, logistics, hotel tourism, banking industries, etc. to develop the urban economy.

Fifthly, improve the effectiveness of grasping and solving suggestions, difficulties, and problems of enterprises, especially in the process of restoring production during and after the COVID-19 pandemic. Organize dialogue activities and direct working sessions to promptly grasp and remove difficulties and obstacles for enterprises; maintain, upgrade, and apply well-functioning information systems serving the direction and operation through electronic

networks such as the official email system, document management and operation system, people's connection system, businesses, and government; and use hotlines to receive feedback from people and businesses.

Sixthly, evaluate and forecast the effectiveness of implementation, promote the image, and build the local brand in the socio-economic development process of the province. Sectors and levels develop and implement specific plans and solutions in each field of state management to improve the quality of socio-economic management of the province, especially the unification of awareness and actions of sectors and levels, and enhance the role and responsibility of the leaders of agencies and units, contributing to improving the business environment of Bac Ninh province, thereby improving the province's competitiveness, towards the goal of making Bac Ninh an attractive destination for domestic and foreign investors. /.

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