



Policy Index to Support Businesses in the Central Coast Provinces

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ABSTRACT:

The Provincial Business Support Policy Index shows that the evaluation of business support services plays a key role for businesses to succeed in business activities. Through the provincial business support policy index, we see the role of local governments in focusing on a friendly environment for private enterprises in the field of providing business support services. Besides, the active participation of private service providers contributes to creating a higher level of products and services and is more sustainable in the long term. Improving the quality of business support policies as well as improving the score of the Business Support Policy indicator, contributing to improving provincial competitiveness is also an extremely urgent issue that the Provinces in Vietnam need to promote implementation in the coming time. The article aims to evaluate the business support policy index in the Central Coast of Vietnam in 2022, thereby examining the causes leading to different results between provinces.

Keywords: PCI, competitiveness index, business support policy index, Central region.

1. Introduction

To help improve the business environment in Vietnam, the Provincial Competitiveness Index (PCI) measures economic governance efficiency and helps promote socio-economic development in 63 provinces and cities across the country. PCI evaluates the favorable level of the business environment for the private sector including: market entry costs for new businesses; access to land; transparency; Time costs to implement State regulations; unofficial costs; business support services; labor training; and legal institutions. The publication of the annual PCI index has boosted the number of reforms at the local level, helping to enhance Vietnam's overall competitiveness in the global economy. PCI is considered a reliable reference information channel for investment locations for individual and institutional investors. The value of this index represents the competitiveness of provinces and ensuring this index is at a good level is an important reform driver for Vietnam's provincial business environment, especially in the context of Decentralization from central to local levels in Vietnam takes place strongly.

As one of the ten components of the PCI index, "Business support services" in 2021 will be replaced by the "Business support policy" index to focus on understanding businesses' assessments of implementation results. Deploy business support programs within the framework of the Law on Support for Small and Medium Enterprises, effective from 2018. The new assessment indicators focus on a number of important aspects of supporting small and medium-sized enterprises, including the level of convenience in participating in support programs such as granting credit guarantees at the Insurance Fund, receiving credit for small and medium enterprises; Support the development of feasible production and business plans, strengthen governance capacity, management skills, and financial transparency of businesses to improve access to credit; Support for rental prices in industrial parks, high-tech parks, and industrial clusters; Support access to legal consulting services when using legal consulting services under the consultant network of state agencies; Support access/participation in training courses using state budget on business start-up and corporate management and support programs, reducing vocational training costs for workers. Along with that, 4 indicators related to the current international economic integration support program are also added. Specific indicators include the quality of information about FTAs provided by local governments, the timely response by local state agencies to problems related to FTAs for businesses, and the rate of businesses know about business integration support programs and participating in those programs is easy.

The Provincial Business Support Policy Index shows that the evaluation of business support services plays a key role for businesses to succeed in business activities. In addition, through the provincial business support policy index, we see the role of local governments in focusing on a friendly environment for private enterprises in the fields of service provision, support business operations. Besides, the active participation of private service providers contributes to creating a higher level of products and services and is more sustainable in the long term. Therefore, the goal of this article is to evaluate the business support policy index in the central coastal regions of Vietnam in 2022, thereby examining the causes leading to different results between provinces..

2. Theoretical basis

The Provincial Competitiveness Index (PCI) is the result of continuous and persistent collaborative efforts since 2005 between the Vietnam Chamber of Commerce and Industry (VCCI) and the United States Agency for International Development. United States (USAID), to enhance the quality of economic governance, create a favorable business environment and promote business development in Vietnam. After 17 years of implementation, PCI has become an objective source of information for the provincial and central governments in planning and implementing economic reform policies, supporting relevant parties in their implementation activities to improve the business environment, and are also an important source of information for businesses and investors to consider when choosing investment and business locations in Vietnam. The business support services index is used to measure the province's services to develop the private sector such as trade promotion, providing legal advice to businesses, and supporting finding business partners. , developing local industrial zones/clusters and providing technology services to businesses, this index includes the following indicators: (1) Number of trade fairs organized by the province in the past year; (2) Ratio of businesses providing services to total number of businesses (%): Services provided by businesses include: Tax consulting; Established business consulting; Legal Consulting; Training consulting; Market search consulting; business partners, investment plans, trade promotion, technology; Accounting, Finance, Business Administration Consulting...; (3) Ratio of private and FDI service-providing enterprises to the total number of service-providing enterprises (%); (4) businesses have used market information search services (%); (5) enterprises used private suppliers for market information search services (%); (6) businesses intend to continue using market information search services (%); (7) businesses have used legal consulting services (%); (8) enterprises used private providers for legal consulting services (%); (9) the enterprise intends to continue using legal consulting services (%); (10) businesses have used business partner search services (%); (11) enterprises used private suppliers for business partner search services (%); (12) businesses intend to continue using business partner search services (%); (13) businesses have used trade promotion services (%); (14) enterprises used private suppliers for trade promotion services (%); (15) businesses intend to continue using trade promotion services (%); (16) businesses have used technology-related services (%); (17) enterprises used private suppliers for technology-related services (%); (18) businesses intend to continue using technology-related services (%); (19) businesses have used accounting and finance training services (%); (20) businesses used private providers for accounting and finance training services (%); (21) businesses intend to continue using accounting and finance training services (%); (22) businesses have used business administration training services (%); (23) enterprises used private providers for business administration training services (%); and (24) businesses intend to continue using business administration training services (%).

In PCI 2021, the component index "Business support policies" was built instead of the component index "Business support services" to focus on understanding businesses' assessments of the results of implementing programs. Business support program within the framework of the Law on Support for Small and Medium Enterprises effective from 2018. A new indicator system consisting of 13 component indicators was also newly built, including the following indicators: (1) Easy-to-implement procedures for granting credit guarantees to small and medium-sized enterprises (%); (2) Procedures to receive support from state agencies to enhance business capacity are easy to implement (%); (3) Procedures to receive reduced rental prices in industrial zones/clusters are easy to follow (%); (4) Procedures for exemption or reduction of legal consulting costs when using legal consulting services under the consultant network of state agencies are easy to follow (%); (5) Procedures for exemption or reduction of market information consulting costs when using consulting services belonging to the consultant network of state agencies are easy to implement (%); (7) Procedures for exemption or reduction of costs for participating in training courses using state budget on business start-up and corporate governance are easy to implement (%); (8) Procedures to exempt or reduce vocational training costs for workers are easy to follow; (9) Quality of providing information related to FTAs by local state agencies to meet the needs of businesses (% Response); (9) Difficulties in implementing documents implementing free trade agreements (FTAs) are effectively resolved by local state agencies (%); (10) Percentage of businesses that know about programs to support businesses in taking advantage of opportunities from FTAs; (11) Percentage of businesses that evaluate the implementation of procedures to receive support from the program to support businesses to take advantage of opportunities from FTAs as favorable (%); (12) Ratio of service providers to total number of businesses (%); (13) Ratio of private and foreign providers to total number of service providers (%).

Evaluation indicators focus on a number of important aspects of supporting small and medium-sized enterprises, including the degree of convenience in participating in support programs such as granting credit guarantees at the Guarantee Fund Credit for small and medium enterprises; support the development of feasible production and business plans, strengthen governance capacity, management skills, and financial transparency of businesses to improve access to credit; Support for rental prices in industrial parks, high-tech parks, and industrial clusters; Support access to legal consulting services when using legal consulting services under the consultant network of state agencies; Support access/participation in training courses using state budget on business start-up and corporate management and support programs, reducing vocational training costs for workers. Along with that, the research team added 4 additional indicators related to the current international economic integration support program. Because according to the recommendations of most experts, business support programs need to pay attention to creating favorable conditions for businesses to integrate into the international economy, in order to effectively take advantage of incentives from FTAs as well as many other international trade agreements that Vietnam has actively and proactively joined in recent times. Specific indicators include the quality of information about FTAs provided by local governments, the timely response by local state agencies to problems related to FTAs for businesses, and the rate of businesses know about business integration support programs and participating in those programs is easy.

3. Policy index to support businesses in the Central Coast provinces in 2022

The article evaluates the business support policy index in some provinces in the Central Coastal Delta of Vietnam in 2022, including Thanh Hoa, Thua Thien Hue, Quang Tri, Quang Ngai, Phu Yen, Nghe An, Khanh Hoa, Ha Tinh, Da Nang. Data were collected from the PCI 2022 report, the 18th annual

publication of the Vietnam Confederation of Commerce and Industry (VCCI) with support from the United States Agency for International Development (USAID).

Of the 9 provinces in the Central Coast region being researched, there are 3 provinces with large business support policy indexes in 2022, including Thanh Hoa reaching 6.76 points (ranked 2/63 provinces and cities), Nghe An reached 6.64 points (ranked 3/63 provinces and cities), and Da Nang reached 6.26 points (ranked 7/63 provinces and cities). However, there are still provinces with very low scores, such as Quang Tri province with only 4.81 points, and ranked 62/63.

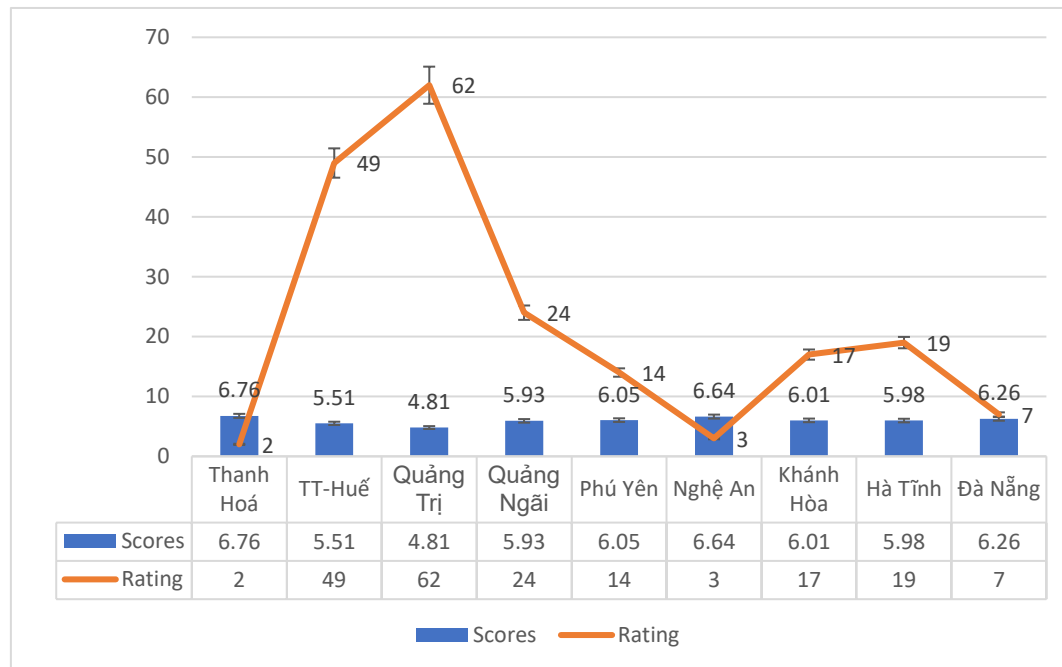


Figure 1. Policy index to support businesses in the Central Coast provinces of Vietnam in 2022

Thanh Hoa is a locality with an impressive business support policy index with a score of 6.76. All component indicators of Thanh Hoa's business support policy index achieved good results. For many years, Thanh Hoa has always maintained a high business support policy index compared to 63 provinces and cities. This is because Thanh Hoa always does a good job of supporting businesses. Policies are issued from the province to districts, departments, and branches within the province. The Standing Committee of Thanh Hoa Provincial Party Committee regularly holds conferences to promulgate a number of policies to support business development in Thanh Hoa province, with the purpose of promulgating a number of policies to support business development in Thanh Hoa province to institutionalize policies, orientations, goals and solutions for business development. In addition, Thanh Hoa also developed policies to support connection and information sharing, especially propaganda, promotion and introduction of products of businesses on electronic information pages and portals. of industries and localities.

Nghe An is also a locality with certain achievements in improving business support policies in recent years, achieving 6.64 points in 2022 and ranking 3/63. Nghe An is known as an active locality in supporting businesses with digital transformation. Recently, Nghe An province, through the development of digital transformation, has closed the gap between businesses in terms of administration and economics... The Department of Industry and Trade of the province has issued many documents to specify and focus. Direct and implement many solutions to promote the digital transformation process.

In 2022, Da Nang is implementing 45 business support policies. Of these, 28 support policies follow the policies issued by the Central Government, and 17 are the city's own policies. Many support policies are implemented effectively, most of which are support policies from the Industry and Trade sector such as policies to encourage industry and develop the production of souvenir products for tourism; Supporting industrial development policy. There are also a number of other policies such as policies to support businesses in technological innovation; Interest rate support policy for small and medium-sized enterprises borrowing capital from the Da Nang City Development Investment Fund to implement projects to restore and expand production and business in the context of the Covid-19 pandemic according to the Resolution No. 60/2021/NQ-HDND dated December 17, 2021 of the City People's Council. From the city government's deep concern, the business support policy index in Da Nang in 2022 has achieved quite good results, reaching 6.26 points and ranked 7/63.

In recent years, Thua Thien Hue has aimed to encourage domestic consumption. In addition to the Government's policies to stimulate consumption of Vietnamese goods, the People's Committee of Thua Thien Hue province has had many policies to support and create conditions for businesses, production and business establishments in the province maintain, stabilize and continue to develop production. However, the results have not met expectations. According to VCCI's evaluation results, the business support policy index of Thua Thien Hue province only reached 5.51 points, ranked 49/63. Most of the indicators in Thua Thien Hue's business support policy index in 2022 are not good. For the indicator "Procedures to receive support from state agencies

to enhance business capacity are easy to follow" reached 75%, the indicator "The quality of providing information related to FTAs by local state agencies meets the needs of businesses" reached 31%.

In 2022, Quang Tri's Enterprise Support Policy Index will decrease by 1.0 points, ranking 62/63 provinces and cities (down 9 places). This is a very low result and is almost at the bottom of the rankings. In Quang Tri, some agencies, units and leaders are not clearly aware of the importance of improving competitiveness in general and business support policy index in particular, so support services Business development support is still low.

Table 1. Detailed comparison of indicators belonging to the business support policy index in the Central Coast provinces of Vietnam in 2022

	Thanh Hoá	TT-Huế	Quảng Trị	Quảng Ngãi	Phú Yên	Nghệ An	Khánh Hòa	Hà Tĩnh	Đà Nẵng
Procedures for granting credit guarantees to small and medium-sized enterprises are easy to follow (%)	35%	70%	88%	67%	69%	81%	70%	80%	76%
	8	5	1	7	6	2	5	3	4
Procedures to receive support from state agencies to enhance business capacity are easy to follow (%)	42%	75%	33%	57%	67%	69%	57%	58%	78%
	7	2	8	6	4	3	6	5	1
Procedures to receive reduced rental prices in industrial zones/clusters are easy to follow (%)	60%	69%	83%	76%	65%	79%	74%	73%	74%
	8	6	1	3	7	2	4	5	4
Procedures for exemption or reduction of legal consulting costs when using legal consulting services under the consultant network of state agencies are easy to follow (%)	65%	68%	78%	78%	82%	82%	75%	78%	82%
	4	3	2	2	1	1		2	1
Procedures for exemption or reduction of market information consulting costs when using consulting services belonging to the consulting network of state agencies are easy to follow (%)	74%	74%	69%	78%	80%	82%	77%	78%	79%
	6	6	7	4	2	1	5	4	3
Procedures for exemption or reduction of costs for participating in training courses using state budget on business start-up and corporate governance are easy to follow (%)	80%	74%	83%	79%	79%	83%	80%	76%	81%
	3	6	1	4	4	1	3	5	2
Procedures to exempt or reduce vocational training costs for workers are easy to follow (%)	81%	77%	71%	85%	84%	85%	79%	79%	77%
	3	5	6	1	2	1	4	4	5
The quality of providing information related to FTAs by local state agencies meets the needs of businesses	55%	31%	30%	44%	35%	25%	16%	34%	30%
	1	5	6	2	3	7	8	4	6
Difficulties in implementing documents implementing free trade agreements (FTAs) are effectively resolved by local state agencies (%)	59%	54%	49%	51%	56%	53%	59%	50%	60%
	2	4	8	6	3	5	2	8	1
Percentage of businesses that know about programs to support businesses in taking advantage of opportunities from FTAs	17%	14%	13%	27%	24%	8%	8%	17%	13%
	3	4	5	1	2	6	6	3	5
Percentage of businesses evaluating the implementation of procedures to receive support from the program to support businesses to take advantage of opportunities from FTAs as favorable (%)	45%	23%	0%	4%	36%	22%	14%	19%	70%
	2	4	9	8	3	5	7	6	1
Ratio of service providers to total number of businesses (%)	7,14%	1,43%	0,71%	1,20%	1,64%	2,59%	2,07%	1,19%	1,65%
	1	6	9	7	5	2	3	8	4

Ratio of private and foreign providers to total number of service providers (%)	93%	77%	53%	91%	86%	92%	95%	96%	85%
	3	8	9	5	6	4	2	1	7

Table 1 shows in detail the component indicators of the business support policy index in the Central Coast provinces and the rankings of comparable provinces in the same region. Thanh Hoa province ranked 1/9 for the components "Ratio of service providers to total number of businesses" and "The quality of providing information related to FTAs by local state agencies meets the needs of businesses". Da Nang city ranked 1/9 for the components "Procedures to receive support from state agencies to enhance business capacity are easy to follow", "Difficulties in implementing documents implementing free trade agreements (FTAs) are effectively resolved by local state agencies", and "Percentage of businesses evaluating the implementation of procedures to receive support from the program to support businesses to take advantage of opportunities from FTAs as favorable". Each province in the region has its own strengths, and each government has its own policies, so the component scores of the business support policy index in the provinces are also quite different.

4. Conclusion

The results of the business support policy index of the Central Coast provinces of Vietnam in 2022 show that there are clear differences among the provinces, many provinces ranked high but many provinces ranked low among the 63 provinces, city. Of the 9 provinces in the Central Coast region being researched, there are 3 provinces with large business support policy indexes in 2022, including Thanh Hoa reaching 6.76 points (ranked 2/63 provinces and cities), Nghe An reached 6.64 points (ranked 3/63 provinces and cities), and Da Nang reached 6.26 points (ranked 7/63 provinces and cities). However, there are still provinces with very low scores, such as Quang Tri province with only 4.81 points, and ranked 62/63. The provinces have made efforts to synchronously deploy many solutions, create an open business environment, strengthen and improve the quality of support services for businesses in the area, especially small and medium-sized businesses. However, the policies in different provinces and the level of attention of state agencies are different, so the results achieved in each province are different. Included in the 10 component indexes evaluating the province's PCI, the business support index is an index that measures and evaluates economic management and administration based on activities to develop the small and medium-sized business sector. Therefore, in order to move towards sustainable development and increase the score of the provincial competitiveness index, departments, branches and agencies in the provinces in the Central Coast region need to develop solutions to improve their competitiveness. each component index in the Business Support Policy index in particular and the provincial competitiveness index in general. Businesses and entrepreneurs in the provinces of Central Vietnam need to make efforts to promote the spirit of self-reliance, self-reliance, creativity, and overcome all difficulties; Implement well the guidelines and policies of party committees and authorities at all levels; proactively develop strategies, production plans, build corporate culture, and business ethics. Be proactive, creative, explore, learn, improve the capacity of your own business, and make efforts to approach development policies according to the orientation set by the province. Actively participate in investment promotion conferences and meetings organized by the province to absorb domestic and foreign businesses to create opportunities to cooperate with foreign partners and attract investment.

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