



Assessing Thanh Hoa's Provincial Competitiveness through the Business Support Policy Index

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ABSTRACT:

The Business Support Services Index is a tool to measure and evaluate economic management and administration based on activities, programs, and policies to create conditions to support businesses, especially small businesses, and medium, including trade promotion, legal consulting, finding business partners, and training in business administration. Thanh Hoa province's business support policy index in the period from 2015 to 2022 is always high compared to other provinces in the Central Coast region of Vietnam. To achieve this result, Thanh Hoa province always focuses on providing information, posting administrative procedures in general, and procedures to receive support in business capacity and rental prices in areas and clusters industry; Procedures for exemption or reduction of legal consulting fees; Procedures for exemption and reduction of market information consulting costs; Procedures for exemption and reduction of costs for participating in training courses using state budget.

Keywords: PCI, Competitiveness index, business support policy index, Thanh Hoa.

1. Introduction

Assessing the province's business investment environment recently, the majority of investors and businesses objectively commented: Along with strong instructions in improving the province's business investment environment, The Government and businesses are increasingly feeling the "blood change" in the operating activities of State agencies at all levels in the province. Of these, the most notable is that Thanh Hoa is currently being evaluated as a locality with low market entry costs, diverse business support services, and abundant human resources... At all levels, sectors, and localities in the province are also stronger in reform activities and application of information technology in handling administrative procedures and running work. Improving the competitiveness index (PCI) is one of the key and thorough directions of Thanh Hoa province to improve the investment environment and attract businesses to production and business. As one of the 10 component indexes evaluating PCI, the Business Support Services Index is a tool to measure and evaluate economic management and administration based on activities, programs, and policies to create Conditions to support businesses, especially small and medium-sized enterprises, including trade promotion, legal advice, finding business partners, training in business administration...

To improve the business support service index, Thanh Hoa province needs to focus on providing information, posting general administrative procedures, and procedures for receiving support for business capacity and rental prices in industrial zones and clusters; Procedures for exemption or reduction of legal consulting fees; Procedures for exemption and reduction of market information consulting costs; Procedures for exemption and reduction of costs for participating in training courses using state budget...

Therefore, the goal of this article is to evaluate the business support policy index of Thanh Hoa province in the period from 2015 to 2022, thereby examining the causes leading to the state of the support policy index. Thanh Hoa province's enterprises are always at a low level compared to other provinces in the Central Coastal Delta region of Vietnam.

2. Theoretical basis

The Provincial Competitiveness Index on Vietnam's business environment is the result of research cooperation between the Vietnam Competitiveness Enhancement Project (VNCI) and the Vietnam Chamber of Commerce and Industry (VCCI). The Provincial Competitiveness Index or PCI is an index that evaluates and ranks the governments of Vietnam's provinces and cities on the quality of economic management and building a business environment favorable for the development of private enterprises. To build PCI, VCCI conducted a survey of businesses in provinces and cities using the clustered random sampling method. Each year, nearly 10,000 private enterprises respond to the PCI survey. To build this set of indicators, in addition to survey data, VCCI's PCI research team also uses other information published by ministries and branches...

The business support index was previously called Private Economic Development Policy, used to measure the province's services to develop the private sector such as trade promotion, providing legal advice and information. laws for businesses, support in finding business partners, developing local industrial zones/clusters and providing technology services for businesses. This index includes the following indicators: Number of associations: trade market organized by the province in the past year; Ratio of service providing enterprises to total number of enterprises (%); Ratio of private and FDI service-providing enterprises to the total number of service-providing enterprises (%); Enterprises have used market information search services (%); Enterprises used private suppliers for market information search services (%); Enterprises intend to continue using market information search services (%); Enterprises have ever used legal consulting services (%); Enterprises used private providers for legal consulting services (%); Enterprises intend to continue using legal consulting services (%); Enterprises have used business partner search services (%); Enterprises used private suppliers for business partner search services (%); Enterprises intend to continue using business partner search services (%); Enterprises have used trade promotion services (%); Enterprises used private suppliers for trade promotion services (%); Enterprises intend to continue using trade promotion services (%); Enterprises have used technology-related services (%); Enterprises used private suppliers for technology-related services (%); Enterprises intend to continue using technology-related services (%); Enterprises have used accounting and finance training services (%); Enterprises used private providers for accounting and finance training services (%); Enterprises intend to continue using accounting and finance training services (%); Enterprises have used business administration training services (%); Enterprises used private providers for business administration training services (%); Enterprises intend to continue using business administration training services (%).

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, enhance administrative capacity, management skills, and financial transparency of businesses to improve access to credit...

3. Current status of business support policy index in Thanh Hoa province

According to the announced results, Thanh Hoa province's PCI index reached 63.67 points, ranked 47/63 provinces and cities (down 4 ranks) compared to 2021; Ranked 12/13 compared to provinces in the Central Coastal Delta region. In particular, the component index on "Enterprise support policies" reached 6.76 points (down 0.22 points compared to 2021), ranking 2nd out of 63 provinces, only behind Ho Chi Minh City. The above results show that the business support policy index of Thanh Hoa province is very good, this is the best index among the 10 indicators of Thanh Hoa province's PCI. In terms of components of the business support policy index, the results are shown in Figure 1. Specifically: Procedures for granting credit guarantees to small and medium-sized enterprises are easy to follow (35%); Procedures to receive support from state agencies to enhance business capacity are easy to follow (42%); Procedures to receive reduced rental prices in industrial zones/clusters are easy to follow (60%); 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%); 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%); 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%); Procedures to exempt or reduce vocational training costs for workers are easy to follow (81%); The quality of providing information related to FTAs by local state agencies meets the needs of businesses (55%); Difficulties in implementing documents implementing free trade agreements (FTAs) are effectively resolved by local state agencies (59%); Percentage of businesses that know about programs to support businesses in taking advantage of opportunities from FTAs (17%); 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%); Ratio of service providers to total number of businesses (7.14%); Ratio of private and foreign providers to total number of service providers (93%).

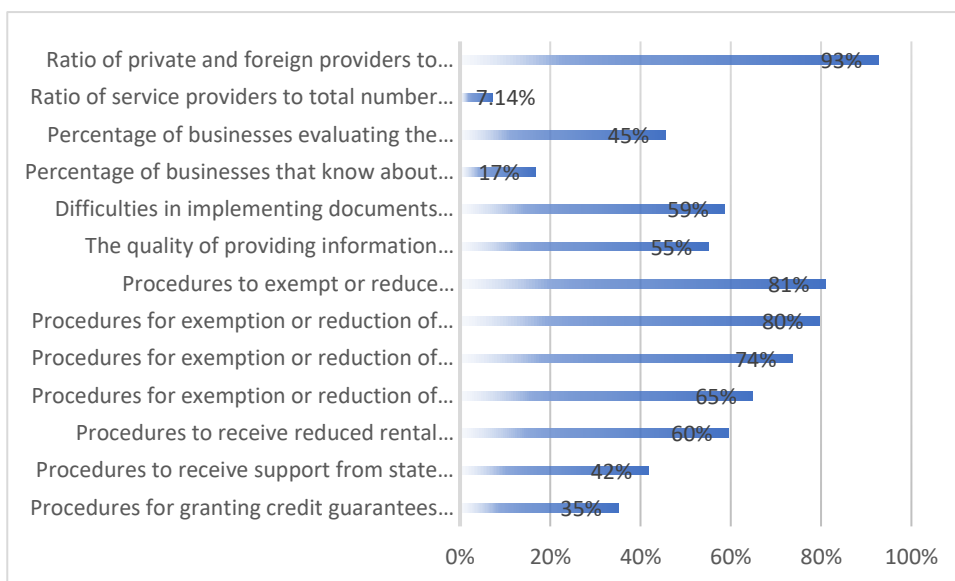


Figure 1. Components of Thanh Hoa's Business Support Index

Comparing the business support policy index of Thanh Hoa province in the period 2015 - 2022, it is seen that this index always maintains a high score.

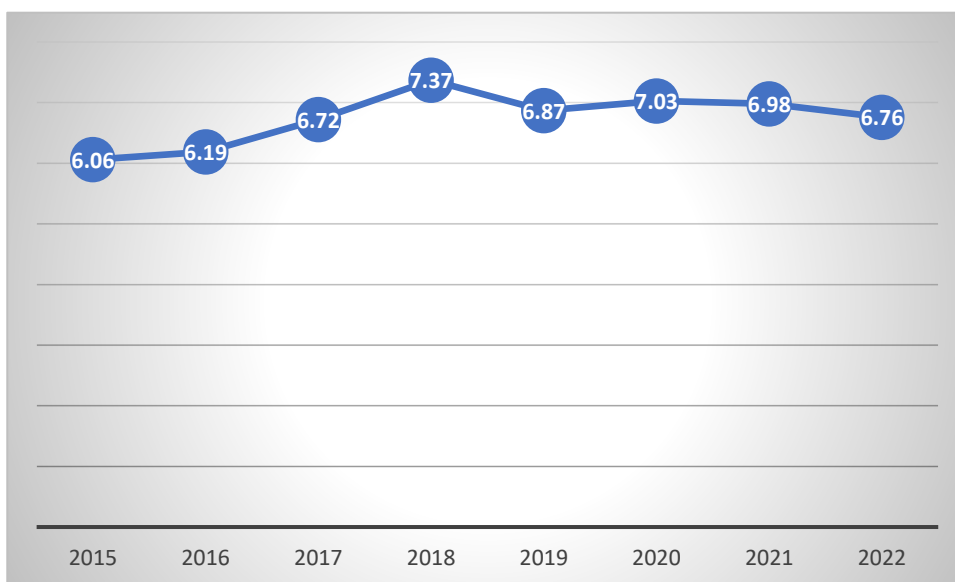


Figure 2. Thanh Hoa's business support policy index for the period 2015 - 2022

Comparing the 2022 business support policy index between Thanh Hoa and the Central Coast provinces, the results show that Thanh Hoa's business support policy index is at a high level. In 2022, Thanh Hoa's business support policy index will reach 6.76 points, this is the highest index among the provinces in the Central Coast region of Vietnam. This result is 1.95 points higher than the business support policy index in Quang Tri province.

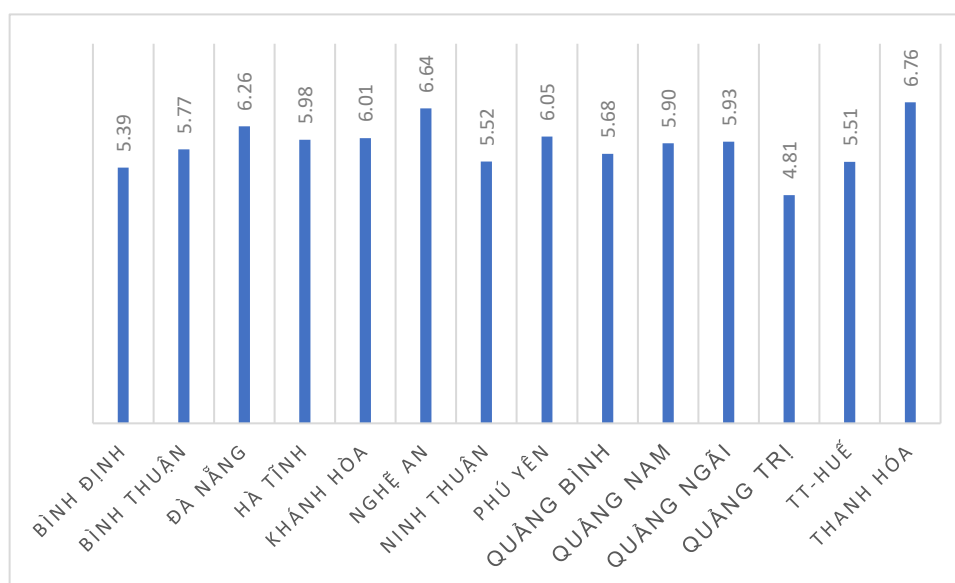


Figure 3. Business support policy index in 2022 of some coastal provinces in Central Vietnam

Table 1 shows detailed data of the 2022 business support policy index of Thanh Hoa province compared to the Central Coast provinces of Vietnam. The quality of providing information related to FTAs by local water agencies to meet the needs of businesses in Thanh Hoa reached 55%, this is the largest result among the central coastal provinces of Vietnam. This index in Khanh Hoa only reached 16%. For the index of "easy to implement credit guarantee procedures for small and medium enterprises" is 35%, the lowest compared to the provinces in the Central Coast region of Vietnam.

Table 1. Details of business support policy indicators in 2022 of some coastal provinces in Central Vietnam

	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%
Procedures to receive support from state agencies to enhance business capacity are easy to follow (%)	42%	75%	33%	57%	67%	69%	57%	58%	78%
Procedures to receive reduced rental prices in industrial zones/clusters are easy to follow (%)	60%	69%	83%	76%	65%	79%	74%	73%	74%
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%
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%
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%

Procedures to exempt or reduce vocational training costs for workers are easy to follow (%)	81%	77%	71%	85%	84%	85%	79%	79%	77%
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%
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%
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%
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%
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%
Ratio of private and foreign providers to total number of service providers (%)	93%	77%	53%	91%	86%	92%	95%	96%	85%

4. Conclusion

According to survey results, Thanh Hoa province's business support policy index achieved high results. This is achieved through the efforts of agencies and departments in the province. In recent years, Thanh Hoa province has always focused on supporting businesses. Resolution on policies to support business development in Thanh Hoa province in the period 2022 - 2026 with specific contents such as funding support for training knowledge on business start-up and business management, support funding for delivery of results of administrative procedures on business registration, funding for using digital signatures, support for connecting and sharing information, promoting and introducing businesses' products on digital platforms of state administrative agencies in Thanh Hoa province, supporting funding for digital transformation consulting and application of digital technology, and supporting businesses to expand goods consumption markets.

In the country's ranking of new business establishments, Thanh Hoa province has dropped to 8th from 6th position in 2022. However, in the North Central region provinces, Thanh Hoa still retains its position. Leading with more than 2,900 newly established businesses. Currently, Thanh Hoa province is focusing on promoting administrative reform, improving the investment environment, and having policies to support and create favorable conditions for businesses to operate, do business, and develop. In order to create a favorable investment and business environment and support business development in the current difficult context, in addition to enhancing operational understanding and overcoming difficulties; All levels, sectors, localities, and units in the province are focusing on propagating and implementing many mechanisms and policies to support businesses. One of the policies to support business development that is being effectively implemented by Thanh Hoa province and highly appreciated by the business community is training and fostering programs for entrepreneurs and starting businesses for individuals. businesses in the province. In 2022, Thanh Hoa province organized more than 100 training classes for entrepreneurs and business startups for thousands of students. In 2023, the province will continue to spend more than 5.6 billion VND, organize more than 150 training classes, helping businesses foster and update useful and practical knowledge about business administration and enterprise development. In addition, Thanh Hoa province also always strives to improve the legal framework for business investment, directs functional branches to continue to strengthen administrative procedure reform, improve the business investment environment, and implement good policy mechanisms to encourage investment and support businesses. Specifically, Thanh Hoa Department of Information and Communications provided free digital signature support in the first year of operation for 54 newly registered businesses; Free support for delivery of results of administrative procedures for 40 businesses; Provides free handbooks on business registration procedures, electronic business registration procedures and a number of business support policies in 2023 for 27 districts, towns and cities in the local area...

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