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Improving the Provincial Competitiveness Index for the "Enterprise Support Policy" Index in 2023 in Lang Son province

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Abstract

The component index "Enterprise Support Policy" is one of the tools for measuring and evaluating economic management and administration based on activities to develop the small and medium-sized enterprise sector, including trade promotion, legal advice for enterprises, support for finding business partners, development of industrial parks and clusters in the locality, job placement services, etc. The article studies the enterprise support policy index in Lang Son province in order to improve this index in the overall provincial competitiveness index (PCI),

such as by continuing to implement solutions to remove difficulties and obstacles, supporting enterprises, Continue to strongly improve the investment and business environment, cut and simplify administrative procedures related to investment and business activities, promote digital transformation and innovation in enterprises, Support training to improve vocational skills for enterprise workers and improve the quality of human resources to meet the requirements of innovation and the 4.0 industrial revolution.

Keywords: PCI, "Enterprise Support Policy" Index, Lang Son

1. Introduction

Lang Son is a mountainous border province belonging to the Northeast region with a natural area of 8,310.09 km². The narrowest is Lang Son city with 77.94 km², and the widest is Dinh Lap district with 1,189.56 km². Lang Son is located on the national highways 1A, 1B, 4A, 4B, and 279, which is an economic intersection point with the western provinces of Cao Bang, Thai Nguyen, Bac Kan, the eastern province of Quang Ninh, the southern province of Bac Giang, and the northern province of Choang ethnic autonomous region, Guangxi, China, with 2 international border gates (Huynh Nghi friendship road border gate and Dong Dang railway border gate), 1 Chi Ma main border gate, and 9 secondary border gates.

Developing the private economy according to the market mechanism is an objective requirement, both urgent and long-term, in the process of institutionalizing and developing the socialist-oriented market economy in our country. It is an important policy to liberate productive forces and mobilize, allocate, and effectively use development resources. Implementing Resolution No. 10-NQ/TW, dated June 3, 2017, of the 5th Conference of the 12th Party Central Committee on developing the private economy into an important driving force of the socialist-oriented market economy, Lang Son province has focused on leading, directing, and implementing and achieved many important results.

In the period of 2017 - 2023, the private economy, with the core being enterprises in Lang Son province, has had a strong development in quantity and scale compared to the previous period; made a significant contribution to the socio-economic growth and budget revenue of the province; played an important role in mobilizing resources for investment and development; contributed significantly to the process of economic restructuring of the province towards gradually increasing the proportion of industry and services, while promoting the development of a diverse and rich production and business structure, meeting the demand for consumer goods for society; participating in solving social issues of poverty reduction, job creation, and ensuring social security.

As of June 30, 2023, there were 3,920 enterprises in the province; the growth rate of the private economic sector was higher than the overall economic growth rate of the province. On average, in the period of 2016–2020, the private economic sector had a GRDP growth rate of 5.11%, higher than the province's overall GRDP growth rate of 5.06%. The contribution of the private economic sector to the province's GRDP over the years: 2019: 63.09%; 2020: 63.13%; 2021: 63.53%. However, the operation of enterprises and cooperatives in recent years has faced many difficulties due to the COVID-19 pandemic; however,

the business community and entrepreneurs have shown a spirit of overcoming difficulties, self-reliance, and efforts to adapt to the new situation, maintain production and business activities, and create jobs for workers.

2. "Enterprise Support Policy" Index

Provincial Competitiveness Index

The Provincial Competitiveness Index, abbreviated as PCI, is the result of research cooperation between the Vietnam Chamber of Commerce and Industry (VCCI) and the United States Agency for International Development since 2005. PCI is determined through a system of component indices. Each component index has a weight and includes a number of constituent indicators, reflecting different areas and aspects. Local authorities have a direct impact on the production and business activities of enterprises.

The PCI index measures the quality of economic governance of provincial authorities 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) a low cost of market entry (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, examination, and implementation of regulations and administrative procedures (5%); 6) Equal competitive environment; 7) Provincial authorities are proactive and creative in solving problems for enterprises (5%); 8) High-quality enterprise support services (5%); 9) Good labor training policy (20%); and 10) Fair and effective dispute resolution procedures and maintenance of public order and security (5%).

Enterprise support policy index

Before 2021, this index was previously called business support services and was used to measure the province's services to develop the private sector, such as trade promotion, providing legal information and advice to enterprises, supporting finding business partners, developing industrial parks and clusters in the locality, and providing technology services to enterprises. This index includes 24 component indicators.

In PCI 2021, the component index "Enterprise support policy" was developed to replace the component index "Business support services" in order to focus on assessing the assessment of enterprises on the results of implementing enterprise support programs within the framework of the Law on Support for Small and Medium Enterprises that took effect in 2018.

The assessment indicators focus on some important aspects of supporting small and medium-sized enterprises, including the level of convenience in participating in support programs such as providing credit guarantees at the Credit Guarantee Fund for Small and Medium Enterprises; support for building feasible production and business plans, strengthening corporate governance capacity, management skills, and financial transparency to improve access to credit; support for rental prices in industrial parks, high-tech parks, and industrial clusters; support for accessing legal advisory services when using legal advisory services from the advisory network of state agencies; support for accessing/participating in training courses using the state budget on business start-up and management and support programs, reducing vocational training costs for workers.

3. The status of enterprise support policies from the PCI perspective of Lang Son Province

Enterprise support policies in Lang Son province

Lang Son has implemented many solutions to improve the business environment and administrative procedures. Besides, the province also promotes the organization of meetings to directly remove difficulties for enterprises. Strengthening and improving the effectiveness of business meetings and dialogue activities at all levels, from the province to the grassroots. Proactively receiving, grasping the situation, and promptly resolving difficulties and obstacles in production and business activities for enterprises, investors, and business households with the spirit of always listening, understanding, and accompanying enterprises. Regularly pay attention to and promptly remove difficulties and obstacles in implementing policies to support and develop enterprises; promptly issue plans, directives, and decisions to establish working groups to support enterprises and investors in the province, considering this a key and continuous task in the annual leadership and direction of the province.

Focus on strengthening trade promotion activities; building a program to support enterprises; developing brands; and accessing the market with products with advantages, brands, and quality in order to expand the consumer market, especially the foreign market; improving the capacity and effectiveness of export services; and promoting the import and export of goods through the province, especially the export of local goods. Grasp the situation, provide timely information to enterprises on the adjustment of regulations on the export and import of goods, especially key agricultural products exported from Vietnam through the province, proactively develop response plans, guide and support enterprises in carrying out procedures, providing dossiers, and providing information to meet the new regulations of the import market.

Develop and improve mechanisms and policies to attract the participation of the private sector in the industry and field of operation. The Provincial People's Council has issued Resolution No. 08/2019/NQ-HĐND dated December 10, 2019 on specific policies to encourage investment, develop cooperation, and linkage in production and consumption of agricultural and rural products in Lang Son province in the period of 2020–2025; Resolution No. 15/2021/NQ-HĐND dated July 17, 2021 amending and supplementing a number of articles of Resolution No. 08/2019/NQ-HĐND; and Resolution No. 16/2022/NQ-HĐND dated July 7, 2022 on a number of investment support policies in Lang Son province. On that basis, the Provincial People's Committee has promptly issued documents directing and implementing the work of improving the investment and business environment and issued inter-branch guidelines on the procedures for implementing the policy. Well implement the tasks and solutions to support small and medium-sized enterprises; organize the implementation of Resolution No. 58/NQ-CP dated April 21, 2023, of the government on a number of key policies and solutions to support enterprises to proactively adapt, recover quickly, and develop sustainably until 2025. The policies issued have brought practical benefits to people, production and business households, cooperatives, and enterprises, contributing to the development of the rural economic sector in the direction of developing internal strength and increasing product value.

Create favorable conditions for the private economy to access bank loans, mobilize capital, and use financial services. Implement the removal of related difficulties and obstacles and create conditions for private enterprises to access credit capital for production and business. The State Bank of Vietnam, Lang Son branch, has directed credit institutions in the province to promote and improve the access to credit capital of enterprises, study, and propose to the head office of credit institutions to offer preferential credit products suitable for customers in general and customers of small and medium-sized enterprises in the province in particular, contributing to creating conditions for enterprises to access credit capital for production and business quickly and conveniently. Credit institutions in the province have actively reviewed and cut operating costs, created conditions to reduce lending interest rates for signed credit contracts and new loans, coordinated well with the Provincial Business Association to grasp the difficulties, obstacles, recommendations, and proposals of enterprises with banks, and promptly resolved the recommendations of enterprises related to mechanisms, support policies, and difficulties removal for enterprises affected by the COVID-19 pandemic in the credit relationship with banks.

Deploy the work of supporting the construction of pilot models to synchronously apply quality management systems, tools to improve quality productivity, technical standards and regulations to improve productivity and quality suitable to the conditions of enterprises; deploy the application of good agricultural practices (GAP/GAHP) and organic agricultural production practices for a number of enterprises and business households; support enterprises to apply information technology, digital transformation to establish, optimize, and modernize the enterprise management system; support product and goods certification in accordance with technical standards/regulations, develop basic standards and declare conformity and compliance; support enterprises and cooperatives to apply the system of tracing the origin of products and goods in Lang Son province.

The work of supporting the innovation and creativity startup ecosystem (KNĐMST) has been actively implemented in accordance with the conditions and practical situation of the province: Organizing the Lang Son Provincial Innovation and Creativity Startup Competition every year; organizing training courses to improve innovation and creativity startup capacity; organizing TOT training programs (advisory network) KNĐMST, supporting the KNĐMST ecosystem of Lang Son province; organizing the Innovation and Creativity Startup Festival and startup forums, etc. Supporting startup projects to participate in regional Techfests and business exchange conferences, connecting experts and investors, thereby gradually promoting the spirit of entrepreneurship.

Support for businesses in digital transformation has been of interest and directed for implementation. Strengthening the dissemination of digital transformation, thereby raising awareness at all levels, sectors, people, and businesses in the province about digital transformation. Notably, Lang Son province has been developing a digital border gate platform. The platform has been built and officially put into operation since February 21, 2022. Thereby, it helps to strengthen the management and supervision of state agencies, create a multi-dimensional information channel between state agencies and enterprises participating in import and export

activities, ensure transparency in management activities at the border gate, serve the direction and administration of leaders at all levels, and implement administrative reform to serve people and businesses participating in import and export activities better.

The role of the Provincial Business Association in representing and protecting the rights and interests of the business community has been increasingly promoted. In recent years, under the leadership and direction of the Provincial Party Committee, People's Council, and Provincial People's Committee, and with the active support of departments, agencies, sectors, and People's Committees of districts and cities, especially with the enthusiasm of the business community, the Provincial Business Association has performed well its functions and tasks in representing and protecting the legitimate rights and interests of member businesses, consulting and supporting businesses, and being a bridge between state management agencies and businesses.

The Provincial Business Association has paid attention to the work of training and improving the management capacity and professional expertise of member businesses; coordinating with state agencies to open training courses for businesses; disseminating and disseminating laws related to businesses; and mobilizing businesses to strictly comply with all policies, guidelines, and policies of the Party and laws of the State, especially disseminating and mobilizing member businesses to effectively implement the dual goal of "both preventing the epidemic and stabilizing the development of production and business." Regularly do a good job of social feedback on documents, mechanisms, and policies related to businesses when requested, being a responsible social feedback channel for documents, mechanisms, and policies of the central government and the province. Focus on connecting businesses, associations, sub-associations, and member clubs, mobilizing member businesses to prioritize using products, and exchanging goods and products with each other to create conditions to support and help each other develop together. Being a bridge between businesses and state management agencies, building programs for cooperation between the Provincial Business Association and the Department of Natural Resources and Environment; the program of connecting Banks - Enterprises; the program of cooperation with the Provincial Labor Federation; with the Provincial Customs Department; the program of coordinating propaganda with Lang Son Newspaper and the Provincial Radio and Television Station; in coordination with the Provincial Police to organize meetings and dialogues between the Provincial Police, the Police of districts and cities with businesses, sign a cooperation plan between the Provincial Police and the Provincial Business Association.

In general, through the implementation of Resolution No. 10-NQ/TW, the private economy in Lang Son province has had positive development steps. In the period 2017–June 2023, 2,814 new enterprises were established, with an average of 450 enterprises established each year, corresponding to an annual registered capital of over VND 3,500 billion. As of the end of June 2023, there were 3,920 enterprises in the province with a total registered capital of VND 42,500 billion, corresponding to a capital of over VND 10 billion per enterprise. Enterprises are widely distributed in districts and cities in the province, registering to operate in various industries and trades. The business

community is growing stronger, the spirit of entrepreneurship, innovation, and the desire to rise in the private economic sector are increasingly strong, and social responsibility, ethics, and business culture are spreading more and more widely. Enterprises are increasingly making significant contributions to the socio-economic development and budget revenue of the province, playing an important role in mobilizing resources for investment and development, contributing to shifting the economic structure of the province towards gradually increasing the proportion of industry and services, while promoting the development of a diverse and rich production and business industry

structure, meeting the demand for consumer goods for society, etc.

Index of business support policies from the perspective of PCI in Lang Son Province in the period 2018-2022.

PCI index of Lang Son province:

According to the results of the provincial competitiveness index (PCI) ranking in 2022, Lang Son province achieved 67.88 points, rising to 15th out of 63 provinces and cities, an increase of 21 places compared to 2021. This is the highest ranking Lang Son Province has achieved in 18 years of ranking.

Table 1: PCI index of Lang Son province from 2018-2022

Year	2022	2021	2020	2019	2018
Business support policy	5.55	6.32	6.04	5.61	6.41
PCI	67.88	63.92	62.43	63.79	61.70
Ranking	15	36	49	50	50

Source: According to PCI reports over the years

Table 2: PCI index of Lang Son province in 2022

Province	PCI score	CSTP 1: Market entry	CSTP 2: Land access	CSTP 3: Transparency	CSTP 4: Time cost	CSTP 5: Informal costs	CSTP 6: Equal competition	CSTP 7: Dynamism and Pioneering of the Government	CSTP 8: Business support policy	CSTP 9: Labor training	CSTP 10: Legal Institutions, Security, and Order
Lang Son	67.88	7.20	6.42	6.38	6.62	7.67	6.82	7.25	5.55	5.94	7.89

Source: According to the PCI report for 2022

In 10 PCI component indicators, Lang Son has 6/10 indicators increasing compared to 2021, including the indicators "market entry," "transparency," "equal competition," "informal costs," "labor training," and "legal institutions and security and order." However, there are 4/10 indicators that decreased, namely "land access," "time costs," "dynamism and pioneering of the government," and "business support policies." This shows that the reforms and efforts of the province have not been fully accessed by businesses, and in fact, there are still barriers and problems in management, administration, implementation of public services, the creation of a friendly environment, promoting business development, etc.

Table 3: Business support policy index of Lang Son province

Year	2022	2021	2020	2019	2018
Business support policy	5.55	6.32	6.04	5.61	6.41

The Business Support Policy Index of Lang Son Province has fluctuated up and down over the years. In 2018, the index score was 6.41, but it decreased sharply in 2019 and 2020. By 2021, the province's business support policy index score had increased to 6.32. But by 2022, it fell sharply to 5.55. This shows that the province's business support policies have not been really effective in creating favorable conditions to support businesses in the area of Lang Son province.

Table 4: Business support policy index of Lang Son province in 2021-2022

Year	CSTP 8: Business support policy	Procedures for granting credit guarantees to SMEs are easy to implement.	Procedures for receiving support from government agencies to enhance business capacity are easy to implement.	Procedures for getting a rent reduction in industrial parks and clusters are easy to implement.	Procedures for getting an exemption or reduction in legal consulting fees when using legal consulting services from the network of government agencies are easy to implement.	Procedures for getting an exemption or reduction in market information consulting fees when using consulting services from the network of government agencies are easy to implement.	Procedures for getting an exemption or reduction in the costs of participating in training courses using the state budget on business start-up and business administration are easy to implement (%).	Procedures for getting an exemption or reduction in vocational training costs for workers are easy to implement.	The quality of information provision related to FTAs by local government agencies meets business needs (% satisfied).	Problems in implementing documents implementing free trade agreements (FTAs) are effectively addressed by local government agencies (%).	The rate of enterprises that are aware of business support programs to take advantage of opportunities from FTAs	The rate of enterprises that evaluate the implementation of procedures to receive support from the program to support enterprises to take advantage of opportunities from FTAs is favorable (%).	Percentage of service providers out of the total number of enterprises (%)	Percentage of private and foreign service providers out of the total number of service providers (%)
2022	5.55	69%	67%	74%	74%	78%	88%	80%	40%	59%	15%	6%	1.44%	63%
Ranking	43	31	41	55	26	61	47	37	36	6	31	43	62	1
2021	6.32	82%	85%	88%	81%	87%	83%	84%	35%	88%	21%	67%	1.24%	28%
Ranking	45	34	28	26	28	17	25	31	22	2	31	45	10	60

Source: According to the PCI report for 2022

The business support policy index of Lang Son province in 2022 has decreased sharply in the past 5 years. The score for business support policies in 2022 decreased by 0.77 points compared to 2021. Specifically, there are nine indicators that decreased, including: Procedures for granting credit guarantees to MSMEs are easy to implement. Procedures for state agencies to support businesses to improve their capacity are easy to implement. Procedures for reducing rent at industrial parks and clusters are easy to implement. Procedures for exemption and reduction of legal consulting costs when using legal consulting services belonging to the network of consultants of state agencies are easy to implement. Procedures for exemption and reduction of market information consulting costs when using consulting services belonging to the network of consultants of state agencies are easy to implement. Procedures for exemption and reduction of vocational training costs for workers are easy to implement. Difficulties in implementing documents implementing free trade agreements (FTAs) are effectively addressed by local state agencies (%). The proportion of enterprises that know about business support programs to take advantage of opportunities from FTAs, the proportion of enterprises that assess the implementation of procedures to receive support from the program to support enterprises to take advantage of opportunities from FTAs is favorable (%). In addition, there are also some indicators that increased compared to 2021, such as: Procedures for exemption and reduction of costs for participating in training courses using the state budget on business start-up and management are easy to implement; The quality of information provision related to FTAs by local state agencies meets the needs of businesses (% satisfied). The proportion of service providers to the total number of enterprises (%), the proportion of private and foreign suppliers to the total number of service providers (%).

4. Some solutions to improve the business support policy index in Lang Son province

In the coming time, in order to promote the development of the private economy, all levels and sectors need to continue to promote propaganda activities to raise awareness among cadres, party members, businesses, and entrepreneurs about implementing Resolution No. 10-NQ/TW on the development of the private economy. It is necessary to innovate and diversify the forms of propaganda and mobilization for businesses that are suitable for each type of business. Focus on appropriate forms of propaganda and mobilization that have a profound impact on the business community and enterprises. Continue to renew thinking and raise awareness of the development of the private economy so that the private economy "is an important driving force" contributing to the development of a socialist-oriented market economy in our country. Research and develop more support policies to encourage and help businesses develop sustainably. Focus on developing the force of enterprises in agriculture and in rural areas; transform the form of business households into enterprises. Create a favorable investment and business environment for the development of the private economy; continue to develop infrastructure, expand market participation, promote equal competition, and increase access to resources. Focus on supporting the private economy to innovate, create, modernize technology, and develop human resources through encouraging and supporting investment in research and development

activities, technology transfer, connecting businesses, start-up ideas, innovation with investors, and investment funds; promoting the formation and development of high-tech parks, high-tech incubators, and science and technology enterprises. Strengthen the linkage between private enterprises and other types of enterprises. Improve the effectiveness and efficiency of state management. The contingent of cadres and civil servants needs to have a breakthrough in thinking and action, persevere in innovating, perfecting, and organizing the implementation of laws, mechanisms, and policies in accordance with market rules and international practices and standards, remove all prejudices and barriers, and strongly reform cumbersome administrative procedures, creating favorable conditions for the development of the private economy.

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