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Assessing Provincial Competitiveness in Quang Ngai through Business Support Policy Index

Mai Thi Ha

University of Labour and Social Affairs, Hanoi, Vietnam

Corresponding Author: **Mai Thi Ha**

Abstract

The results of the 2022 provincial competitiveness assessment index survey have shown the efforts of the business community and governments of provinces and cities to overcome difficulties in the first year of recovery after the Covid-19 pandemic. Domestic and foreign businesses continue to have positive experiences with changes in administrative procedure reform, shortening time and minimizing unofficial costs of Vietnamese local

governments. Quang Ngai is one of the provinces with a strong directive to improve provincial competitiveness assessment scores in general, and business support policy component scores in particular. This article summarizes and compares the survey results of Quang Ngai's business support policy component, and explores the province's policies to improve this score.

Keywords: Provincial Competitiveness Index, Business Support Policy Index, Quang Ngai

1. Introduction

With the goal of determined to make a strong breakthrough in scores and PCI rankings of Quang Ngai province to be classified in the group of provinces and cities with good economic management quality in the country; create a truly open, transparent, dynamic and favorable business environment for economic sectors to participate in business investment to attract investment and develop businesses, ensuring sustainable socio-economic development of the province in the period 2021-2025. To improve the business support service index, Quang Ngai province has made public, transparent and widely, fully and promptly published information on the province's electronic information portal, Electronic information pages of agencies, units and localities on socio-economic development planning and plans, and at the same time organizing dialogue conferences with businesses in the province. In the integration trend of the global economy, to survive and develop sustainably, businesses need to promote innovation activities to improve productivity and product quality. Reality shows that the majority of businesses in the province are small and medium-sized, have limited capital and human resources, and are not fully aware of innovation - creativity, thus not being able to create innovative products meet the competitive requirements of the market. Therefore, Quang Ngai is always interested in policies to support businesses.

The goal of this article is to evaluate the business support index of Quang Ngai province in the period from 2015 to 2022. Summarize and compare Quang Ngai's scores in the above period and consider plans and options to improve the business support policy index in 2024.

2. Theoretical basis

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

The business support index was formerly called Private Economic Development Policy, used to measure the province's services to develop the private sector such as trade promotion, Providing legal consulting information for businesses, supporting finding business partners, developing local industrial zones/clusters and providing technology services to businesses, this index includes the following: Number of trade fairs 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 ever 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 ever used technology-related services (%); Enterprises used private suppliers for technology-related services (%); Enterprises intend to continue using technology-related services (%); Enterprises have ever 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 provincial competitiveness index, "Enterprise support services" in 2021 will be replaced by the "Enterprise support policy" index to focus on understanding the assessment of businesses about the results of implementing 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 convenience of participating in support programs such as granting credit guarantees at the Small and Medium Enterprise Credit Guarantee Fund; 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 Quang Ngai province

In 2022, the provincial competitiveness index survey received responses from 11,872 businesses (including 10,590 private enterprises and 1,282 foreign-invested

enterprises), with a response rate reaching 20.47 %. According to the provincial competitiveness index ranking, Quang Ngai reached 65.8 points, ranked 33/63 provinces and cities nationwide, up 12 places compared to 2021 (45/63). In particular, 10 component indexes of the provincial competitiveness index are shown in Fig 1.

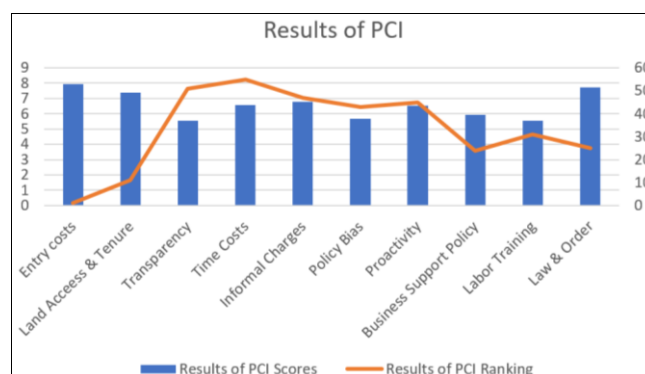


Fig 1: Provincial competitiveness assessment index of Quang Ngai

In particular, the component index of "Enterprise support policies" reached 5.93 points (down 0.25) points compared to 2021, ranking 24/63 provinces and cities. The above results show that the business support policy index of Quang Ngai province is very good, this is the best index among the 10 indexes of the provincial competitiveness index of Quang Ngai province. In terms of components of the business support policy index, the results are shown in Fig 2. Specifically: Procedures for granting credit guarantees to small and medium-sized enterprises are easy to follow (67%); Procedures to receive support from state agencies to enhance business capacity are easy to follow (57%); Procedures to receive reduced rental prices in industrial zones/clusters are easy to follow (76%); 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 (78%); 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 (78%); 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 (79%); Procedures to exempt or reduce vocational training costs for workers are easy to follow (85%); The quality of providing information related to FTAs by local state agencies meets the needs of businesses (44%); 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%).

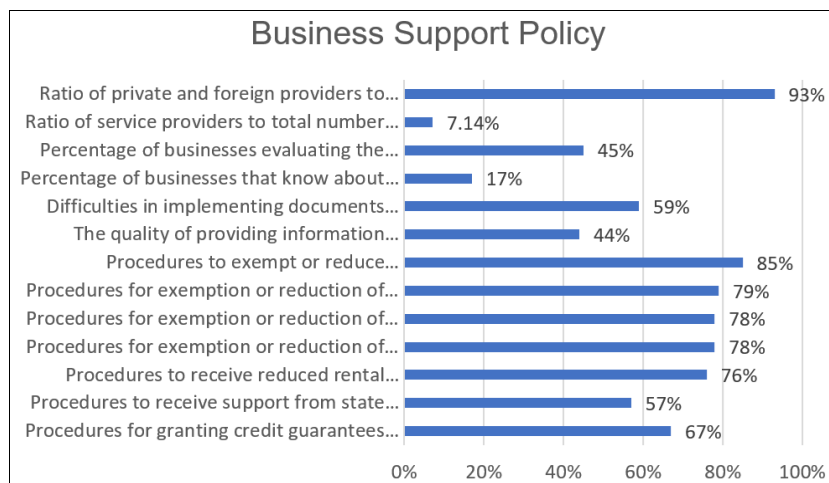


Fig 2: Components of Quang Ngai's business support index

Comparing the business support policy index of Quang Ngai province in the period 2015 - 2022, it is seen that this index always maintains an average score on the national rankings. In 2017, there was the highest business support policy index

with a score of 6.74, in 2018 it was 6.24, in 2019 it was 6.17, in 2021 it was 6.18, but in 2022 the score dropped significantly to only 5.93 points.

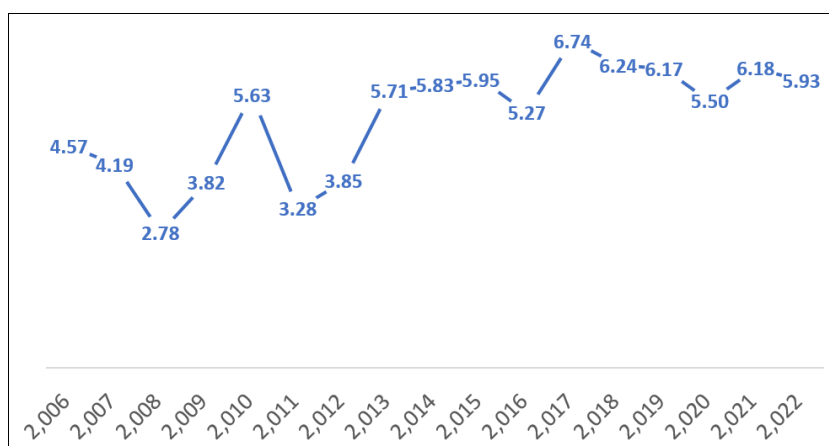


Fig 3: Business support policy index of Quang Ngai in the period 2015 - 2022

Comparing the 2022 business support policy index between Quang Ngai and the Central Coast provinces, the results show that Quang Ngai's business support policy index is at an average level. In 2022, according to survey results,

Quang Ngai's score is lower than Da Nang (6.26), Thanh Hoa (6.76), Nghe An (6.64), Phu Yen (6.05), and Khanh Hoa (6.01).

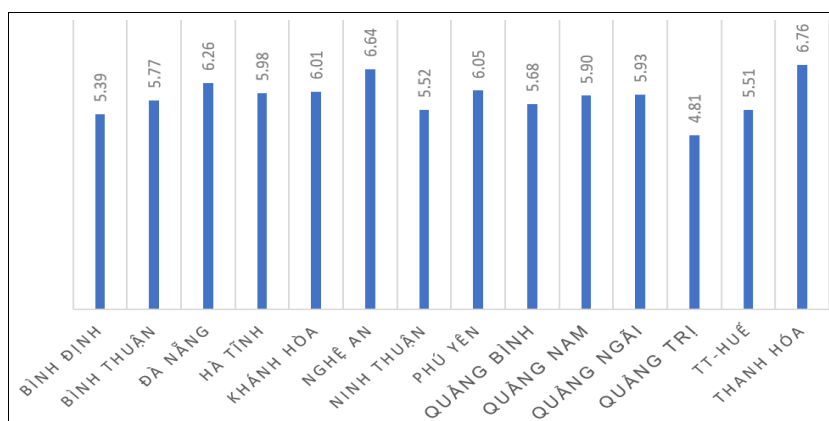


Fig 4: Business support policy index in 2022 of some coastal provinces in Central Vietnam

Table 1 shows detailed data of the 2022 business support policy index of Quang Ngai province compared to the Central Coast provinces of Vietnam. In terms of all aspects

of the business support policy index, compared to the Central Coast provinces of Vietnam, Quang Ngai has an average score and does not stand out in any aspect.

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, although Quang Ngai Province is not in the top 30 localities with the highest provincial competitiveness index scores in 2022, it is evaluated most positively by businesses in the province in terms of facilitating business start-up, ranked first in the component index "Market entry costs". For the business support policy index, Quang Ngai province achieved average results compared to 63 provinces/cities nationwide. In recent times, the province has made many efforts to improve the scores of the components of the provincial competitiveness index in general, and the score of the business support policy component in particular. The province has a Plan setting out a common goal determined to improve and raise the score of the "Enterprise Support Services" Index, contributing to improving the Provincial Competitiveness Index for the period 2021-2025 to improve business investment environment, attracting investment for business development; Support and accompany, support and create conditions for economic sectors to participate in investment, production and business development; Providing service information, innovating production methods, improving competitiveness for businesses in finding customers, expanding production, contributing to ensuring stable socio-economic development of the province; Raise the sense of responsibility of civil servants and public employees about the meaning of improving scores and increasing levels of the Provincial Competitiveness Index for the period 2021-2025 so that Quang Ngai province can be classified in the group of provinces and cities has the best economic management quality in the country.

Regarding supporting businesses to promote trade: The goal of Quang Ngai province is to increase the number of fairs held each year, in addition to using funding sources to increase regional and provincial fairs. Through the fair, we

encourage the introduction of typical products and goods of the Province, connecting goods consumption between Quang Ngai province and the provinces in the Central Coastal Delta region. Implement the e-commerce program, effectively manage and operate the Quang Ngai e-commerce trading floor at: www.quangngaitrade.com, promptly provide market search and promotion information trade for the business community inside and outside the province; promote and introduce specialty items and OCOP products of the province to the Provincial Trade Exchange. Propagate, disseminate, and foster awareness of businesses about international economic integration.

About supporting businesses in finding market information: Actively coordinate with the Department of Agriculture and Rural Development and districts, towns and cities to regularly capture information on production output of agricultural, forestry, fishery products and other goods in each location; At the same time, grasp the market's demand for goods to ensure smooth circulation and provide enough goods for localities in the province..

About supporting businesses in finding business partners: Regulating the level of financial support for implementing the Trade Promotion Program to develop foreign trade in the province. Effectively implement the Action Plan to develop the industry and trade sector, synthesize funding, register and implement National Industrial Promotion and National Trade Promotion Programs.

5. References

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