

## THE SITUATION OF IMPLEMENTING STATE MANAGEMENT OF ENTERPRISES IN THANH HOA PROVINCE, VIETNAM IN THE PERIOD 2016-2020

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### ABSTRACT

Countries following a market economy that want to develop their economies must have policies to develop enterprises in both quantity and quality. In Vietnam, the process of renovating the management mechanism since 1986 has created a breakthrough in the development of the enterprise system. In recent years, Thanh Hoa province has synchronously, promptly, and effectively implemented solutions, mechanisms, and policies to support businesses, and state management in supporting and developing businesses in the area. Province achieved important results. However, in general, the state management of enterprises in the province still has shortcomings and shortcomings. Therefore, it is necessary to study and evaluate the results and inadequacies in the state management of enterprises in Thanh Hoa province, Vietnam.

**Keywords:** enterprises, state management, Thanh Hoa province, Vietnam.

### 1.0 INTRODUCTION

Enterprises are an indispensable type of organization in the market economy. A strong country must have strong businesses. Countries that follow a market economy to develop their economies must have policies to develop enterprises in both quantity and quality.

In Vietnam, the process of renovating the management mechanism since 1986 has created a breakthrough in the development of the enterprise system. Inheriting the achievements in state management of enterprises of the whole country in general, over the years, Thanh Hoa province has synchronously, promptly and effectively implemented solutions, mechanisms, and policies to support enterprises. State management in supporting and developing enterprises in the province achieved important results: awareness of the role and importance of business development for economic development. - society has many progressive changes; Party committees and authorities at all levels have focused on leading, directing, and supporting business development, linking business orientations with the socio-economic development goals of the locality and province; The spirit and movement of entrepreneurship were spread among all classes of people, especially among union members, youth and students. Along with the rapid increase in number, creating jobs and incomes for hundreds of thousands of employees; The management and administration capabilities of the team of businessmen and managers have been improved, and there are many activities to support policy families, the poor, people in disaster areas, storms and floods, making an important contribution in the annual socio-economic development of the province. However, in general,

the state management of enterprises in the province still has shortcomings and shortcomings; the business investment environment has not met expectations, administrative reform has not made a breakthrough, the coordination in the administrative settlement is still not tight, and the resolution of petitions is still long...

Therefore, it is really necessary to study, evaluate the results and point out the limitations and inadequacies in the state management of enterprises in Thanh Hoa province, Vietnam.

## **2.0 THEORETICAL FOUNDATIONS OF ENTERPRISES AND STATE MANAGEMENT OF ENTERPRISES**

### **2.1. Theoretical foundations of enterprises**

#### **2.1.1. Definitions**

Currently, in Vietnam, the enterprise is a broad concept, depending on the angle of approach, there are different interpretations.

In the narrowest meaning, "Enterprise is an organization with its own name, property, transaction office, registered and established under the provisions of law for the purpose of doing business"<sup>1</sup>.

In the broadest meaning, enterprises are organizations and business households that have the function of legally producing and trading goods and services in order to achieve profit or the goal of maximum socio-economic efficiency.

#### **2.1.2. The role of enterprises**

Enterprises play a very important role in the development of a country, especially a country following a market economy. Enterprises have the following economic and social roles:

Economic role: Enterprise is the place to create products (goods and services) according to the needs of the market, create the competitiveness of the economy, and is the main tax contributor to the bank. The application of production technologies and the most advanced science - technology in enterprises contributes to raising the production level of the economy.

Regarding social roles: Enterprises create jobs for employees, organize and form labor relations, and cultural organizations for employees. Businesses contribute to solving social problems through job creation, income enhancement, charity work, and solving other social problems.

### **2.2. Content on state management of enterprises**

The content of State management of enterprises is very broad, almost covering all activities of state management of the economy in general. The State not only maintains the legal framework for enterprises but also takes measures to orient and support enterprises in the

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<sup>1</sup> National Assembly of the Socialist Republic of Vietnam: Law on Enterprises, Law No. 68/2014/QH13, H.2014.

spirit of "constructive government". State management of enterprises includes the following contents:

First, promulgate a legal framework for businesses to operate. The State promulgates a general legal framework to create a legal environment for enterprises to operate, including laws governing the process of establishment, operation, dissolution - bankruptcy; regulations on business rights and business environment; financial relations with the State.

Second, promulgate and implement policies for businesses. The State promulgates a system of policies related to enterprises, including preferential policies, restrictive policies, and supportive policies according to industry and field criteria.

Third, organize the apparatus to carry out administrative procedures related to enterprises. The State must carry out procedures for enterprises and conduct training activities on professional skills and skills for the state apparatus to serve enterprises; In addition, it also organizes training activities to support businesses.

Fourth, inspect and inspect the operation of enterprises. The State performs the task of inspecting and inspecting enterprises to check their compliance with the law, system of standards and regulations, and irregular inspection. The inspection and inspection should be conducted regularly but avoid overlapping and obstructing enterprises.

### **3.0 THE SITUATION OF IMPLEMENTING STATE MANAGEMENT OF ENTERPRISES IN THANH HOA PROVINCE IN THE PERIOD 2016-2020**

#### **3.1. Achieved Result**

##### **3.1.1. About improving the business investment environment**

###### **\* Regarding the review, supplementation, and issuance of new master plans**

The planning work is led and directed uniformly, across all levels and sectors. From 2016 up to now, many important plannings and planning tasks have been reviewed, supplemented and issued, which have great impacts on socio-economic development and investment attraction of the province such as: Planning of Thanh Hoa province in the period of 2021 - 2030, with a vision to 2045; to adjust the transport development planning in Thanh Hoa province to 2025, with orientations to 2030; adjusting and expanding the general planning on construction of Nghi Son economic zone to 2035, with a vision to 2050; to adjust the planning on industrial and commercial development of Thanh Hoa province to 2020, with orientations to 2030; Thanh Hoa electricity development planning period 2016 - 2020; planning on development of industrial clusters in Thanh Hoa province up to 2020, orientation to 2030,... ; at the same time, the provincial People's Committee announced the list of planning that has expired under the provisions of the Planning Law in Document No. 16212/UBND-THKH dated November 27, 2019. In addition, in order to promote investment in the infrastructure of industrial clusters, and create a clean land fund to attract production and business enterprises, the Provincial People's Committee has approved the master plan for the development of industrial clusters in Thanh Hoa province until now. 2025, orientation to 2030; Accordingly, it is expected that by 2030, the whole province will plan 71 industrial clusters, with a total

area of 2,139 hectares; By 2020, 28 industrial clusters have been established. The approved plannings are widely published, fully satisfying information for businesses to research and choose investment opportunities in the province.

**\* Regarding investment promotion, market expansion**

Investment promotion activities have been renewed towards practicality and efficiency. In the 2016 - 2020 period, provincial leaders received and worked with many delegations of large domestic and foreign organizations, corporations, and enterprises; attending conferences, organizing working delegations, and promoting investment in Korea, Japan, Germany, Singapore, Taiwan, France, Kuwait, Russia, USA,...; expanding cooperation relations with major international financial institutions such as WB, ADB, JICA, AFD, KEXIMBANK,... Along with innovating and improving the efficiency of investment promotion activities, the Human Resources Committee Provincial people have directed agencies and units to improve operational efficiency by providing information on the province's master plans, plans, mechanisms, policies, list of projects calling for investment; actively implement activities to connect supply - demand, link product consumption of Thanh Hoa province with the North Central provinces and localities; continue to direct the units to strengthen the implementation of the campaign "Vietnamese people give priority to using Vietnamese goods" in association with the policy of "Thanh Hoa people give priority to using Thanh Hoa goods"; mobilize businesses to organize programs to bring Vietnamese goods to the countryside; implementing the project on domestic market development; building a pilot model of point of sale "Proud of Vietnamese goods"; implementing the project "Building a pilot market model to ensure food hygiene and safety".

**3.1.2. About administrative reform**

The administrative procedure reform has been paid special attention by the Provincial People's Committee, the Chairman of the Provincial People's Committee, issued many executive directive documents to improve the effectiveness and efficiency in handling administrative procedures. for people and businesses, such as: "4 increase", "2 decreases", "3 no" in handling administrative procedures; regulations on public apology in handling administrative procedures for people and businesses; strengthen the application of information technology in the management, administration and work settlement of agencies and units. In the 2016-2020 period, the Chairman of the provincial People's Committee has issued 435 decisions to announce administrative procedures; in which, announced 3,843 new procedures; amending and supplemented 189 procedures; abolished 2,772 procedures; administrative procedures after the announcement are publicly posted, creating favorable conditions for people and businesses to perform; many procedures are significantly reduced processing time compared to regulations. Sectors and levels have effectively maintained and implemented the one-stop-shop mechanism, the one-stop-shop mechanism at the Provincial Public Administration Service Center, and at the district and commune levels receiving and returning results. Up to now, 100% of public administrative procedures have been sent to the Public Administration Service Center of the province and the district; 100% of provincial-level units, 100% of district-level units, and 100% of commune-level units effectively use the modern electronic one-stop system. Thereby, facilitating the implementation of administrative procedures for individuals and businesses; According to a survey and assessment of the Department of Home Affairs, the level of satisfaction of people using

public services with the service quality of state agencies in the province reached the rate of 90.14% (plan until next year). 2020 reaching over 90%).

**\* About access to land**

The work of compensation and site clearance is strongly directed by the Provincial Party Committee and the Provincial People's Committee, especially for key projects; regulations on compensation, support, and resettlement when the State recovers land in the province are promulgated in a timely and adequate manner, creating favorable conditions for the implementation of investment projects. In addition, the Provincial People's Committee issued Decision No. 22/2018/QĐ-UBND dated July 10, 2018, stipulating the implementation of the order and procedures for deciding on investment policies and approving investment locations. , land allocation, land lease, change of land use purpose to implement investment projects in the province; Decision No. 01/2019/QĐ-UBND dated January 17, 2019, amending a number of articles of Decision No. 22/2018/QĐ-UBND dated July 10, 2018, in the direction of focusing on one focal point, creating the most favorable conditions. for investors and businesses; out of a total of 1,198 projects approved for investment policies, 898 projects have signed ground clearance commitments between the district-level People's Committees and investors, accounting for 75% of the total number of projects; received and processed 8,365 land records with the on-time settlement of 99.3%.

**\* Advice and guidance for individuals and business households to set up businesses**

Focused on guiding and supporting organizations and individuals on business registration documents, processes, and procedures; coordinated with credit institutions in the province to assist enterprises in selecting and declaring account numbers at the time of submitting business registration documents; organized 06 startup contests among youth union members with 973 participating ideas.

**3.1.3. Regarding the implementation of business support policies**

**\* On human resource training, law dissemination, and propaganda**

In the 2016-2020 period, vocational training institutions inside and outside the province have trained and supplied the labor market with about 410.6 thousand people (vocational training for 392.6 thousand people), on average every year. training nearly 82.1 thousand laborers per year, contributing to raising the proportion of trained laborers in the province from 55% in 2015 to 70% in 2020. Along with funding from the Central Government, the provincial budget and other sources sponsorship of organizations and businesses; in 5 years has organized 398 business start-up training classes, 446 business training courses, with over 22,000 turns of leaders, managers and executives of participating enterprises; 29 training and retraining courses for civil servants working in support of enterprises; 06 training courses, fostering tourism management according to international standard model; 06 startup classes; 18 classes on entrepreneurship and community tourism business; 50 training courses for tourism human resources; 15 training courses to support women to improve their business and start-up capacity; 08 training courses on propaganda and dissemination of labor laws for nearly 520 enterprises; 16 training classes on occupational safety and health; 05 conferences to propagate, disseminate and educate the law for employers and employees in participating

enterprises; seminars and discussions on implementation solutions on business support policies for nearly 11,000 turns of representatives of businesses and credit institutions; annual training in labor dispute mediation at enterprises for 111 mediators. Through training, fostering, and training classes, it has contributed to improving the capacity and knowledge of business administration and management of the business team; create a start-up movement among all classes of people.

**\* About tax policy**

Implement the Law on Tax Administration and the Government's Decrees on Corporate Income Tax; in the period 2016 - 2020, Thanh Hoa province has extended the payment of value added tax, corporate income tax, and land rent for 2,600 businesses with an amount of over 403.7 billion dong; reduced land rent for 15 enterprises, with the amount of over 5 billion dong; land rent exemption for 278 enterprises, with an amount of over 174.5 billion VND; reduced income tax for 126 businesses, with an amount of over 27.3 billion dong; exempted from income tax for 168 enterprises, with the amount of over 45.7 billion dong; write off import and export tax debt for 8 enterprises, with the amount of 2.86 billion dong.

**\* About finance, credit**

State Bank Thanh Hoa Branch has directed credit institutions in the province to well implement monetary policy and support businesses to access capital at credit institutions; The Credit Guarantee Fund for Small and Medium Enterprises has provided guarantees for 52 enterprises with a guaranteed amount of over VND 220.2 billion; 31 projects of enterprises are loaned through the Science and Technology Development Fund, with a total loan support capital of over VND 12.8 billion; thereby contributing to supporting enterprises to solve difficulties in capital sources, improving the efficiency of capital mobilization of credit institutions. In addition, credit institutions have restructured the repayment term, exempted interest, and kept the same debt group for 1,316 customers, with outstanding loans of over VND 2.67 trillion.

**3.2. Limitations and causes**

**3.2.1. Limitations**

Besides the achieved results, business development still has shortcomings and limitations, which are:

- Although the investment and business environment of the province has been improved, it has not yet met the set expectations and objectives; infrastructure has been interested in investment, but has not yet met the requirements of enterprises; administrative procedure reform has changed but has not made a big breakthrough; coordination between units and localities in handling administrative procedures in some fields is still not close; Land access and ground clearance are still difficult.

- Some enterprises have limited understanding and compliance with the law in business; the number of enterprises participating in social insurance is still low compared to the number of enterprises in operation, and enterprises still owe a large amount of social insurance money;

awareness of business culture, responsibility to society and community of a part of entrepreneurs is not enough; There is not much linkage and cooperation in large-scale business to join the value chain, especially between small enterprises and large enterprises, between enterprises in the province and enterprises with foreign investment.

- Support for legal policies, administrative procedures, settlement of petitions, and a proposal for businesses in some areas is still prolonged because it is related to the provisions of law, especially in the field of land.

### **3.2.2. Causes**

\* Objective reasons: Some legal provisions and mechanisms and policies related to the operation of enterprises have been promulgated by central ministries and branches, but are inconsistent, overlapping, and difficult. in the implementation organization.

\* Subjective reasons:

- The leadership, direction, and administration in some branches and localities on enterprise development have not been drastic; awareness of enterprise development of a part of cadres, party members, and people is still incomplete, and not properly understood the position and role of enterprises in economic development; The coordination between branches and levels, sometimes, is not tight, especially in solving difficulties and obstacles for enterprises.

- The organization and implementation of mechanisms and policies related to the operation of enterprises is still slow; there are not many support resources for state enterprises; mobilizing resources from outside, especially from credit institutions to expand production and business is still difficult; a part of cadres and civil servants, a number of agencies, departments and branches have not actively and actively fulfilled their responsibilities in guiding and supporting enterprises.

- The level, management capacity, and legal understanding of a part of business owners is still limited, not strictly complying with the provisions of the law in business; labor quality and workers' skills are at an average level; Many business owners are still confused in determining the business direction, are not dynamic, creative and keep up with the fluctuations of the market mechanism, leading to the dissolution of the enterprise or the cessation of production and business activities.

## **4.0 CONCLUSION**

The goal of perfecting and renovating state management of enterprises is to develop a system of enterprises that are developed in both quantity and quality. This is a regular, continuous, and complex activity involving many branches and levels in the State's management system. Implementing innovation in state management for enterprises is of great significance, contributing to promoting successful innovation and the development of the economy.

In Thanh Hoa, in the period 2016-2020, many activities have been implemented to improve the state management of enterprises. The results achieved are remarkable, but there are still many shortcomings and shortcomings. Within the scope of this article, we have analyzed and

evaluated the achievements, existence, limitations, and given reasons. This will be the basis for proposing innovative solutions for state management of enterprises in Thanh Hoa province, Vietnam in the next study.

(To be continuing)

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