

Improving the Provincial Competitiveness Index of Thai Nguyen Province

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ABSTRACT

The Provincial Competitiveness Index (PCI) was built to assess the business environment, quality of economic management and administrative reform efforts of provincial and city governments, thereby promoting the development of the domestic private sector. In order to increase competitiveness, attract investment and promote socio-economic

Some key points about The Provincial Competitiveness Index (PCI)

The Provincial Competitiveness Index (PCI) is an index that ranks the quality of economic governance of provincial governments in creating a favorable policy environment for the development of private enterprises. PCI is also a number that speaks to the competitiveness of localities in facilitating business development. In summary, PCI is an indicator that helps local authorities as well as central leaders in determining the local business environment; helping local leaders orient in improving the business environment, as well as enhancing competitiveness to attract investment resources. In many countries, instead of relying on GDP per capita to evaluate the success of operations and management, the happiness and satisfaction index of the population is given top priority. PCI is such an indicator, measuring the satisfaction of businesses with local governance. Since 2005, the PCI has measured and ranked 63 provinces and cities of Vietnam in economic management areas that have an impact on the development of the private sector. The PCI index of Vietnam uses a scale of 10 (highest) to 1 (lowest) for the following 10 indicators:

1. Entry Costs
2. Land Access & Tenure
3. Transparency
4. Time Costs
5. Informal Charges
6. Policy Bias
7. Proactivity
8. Business Support Services
9. Labor Training
10. Law & Order

development, raising the PCI index is a necessary and important job for provinces and cities across the country in general and Thai Nguyen province in particular. The article proposes some solutions to support Thai Nguyen province to improve PCI in the coming time.

The total score from these 10 indicators on a 100-point scale will be the basis for ranking. Locations will be ranked as follows:

- Excellent: PCI over 70 points.
- High: PCI from over 60 to 70 points.
- Mid-High: PCI from over 55 to 60 points.
- Mid-Low: PCI from over 50 to 55 points.
- Low: PCI from over 40 to 50 points.
- Very Low: PCI less than 40 points.

The PCI index is developed according to a 3-step process, including: (i) Collecting information from survey data and other published data sources; (ii) Calculation of 10 component indexes and normalization on a 10-point scale; and (iii) Weighting and calculating a composite PCI score consisting of the weighted average of the 10 sub-indices on a scale of up to 100.

PCI ranking of Thai Nguyen province in recent years

Thai Nguyen is a province located in the Northeast of Vietnam, adjacent to the capital Hanoi. Thai Nguyen province is the political and economic center of the Viet Bac region in particular, of the Northeast Midlands and Mountains in general, and a gateway for socio-economic exchanges between the Midlands and Mountains and the Northern Delta.

Over the years, with the efforts of branches and levels, and the companionship of the business community of Thai Nguyen province, the investment and business environment of Thai Nguyen province has been constantly improved, the role and position of Thai Nguyen is increasing day by day. The PCI score of Thai Nguyen

province has increased over the years, the PCI ranking order in recent years has been in the top 20

highest provinces in the country.

Table 1: Weighted PCI of Thai Nguyen province over the last 5 years

Year	PCI score	PCI ranking	PCI tier*
2016	61,82	7	2
2017	64,45	15	3
2018	64,24	18	3
2019	67,71	12	2
2020	66,56	11	3

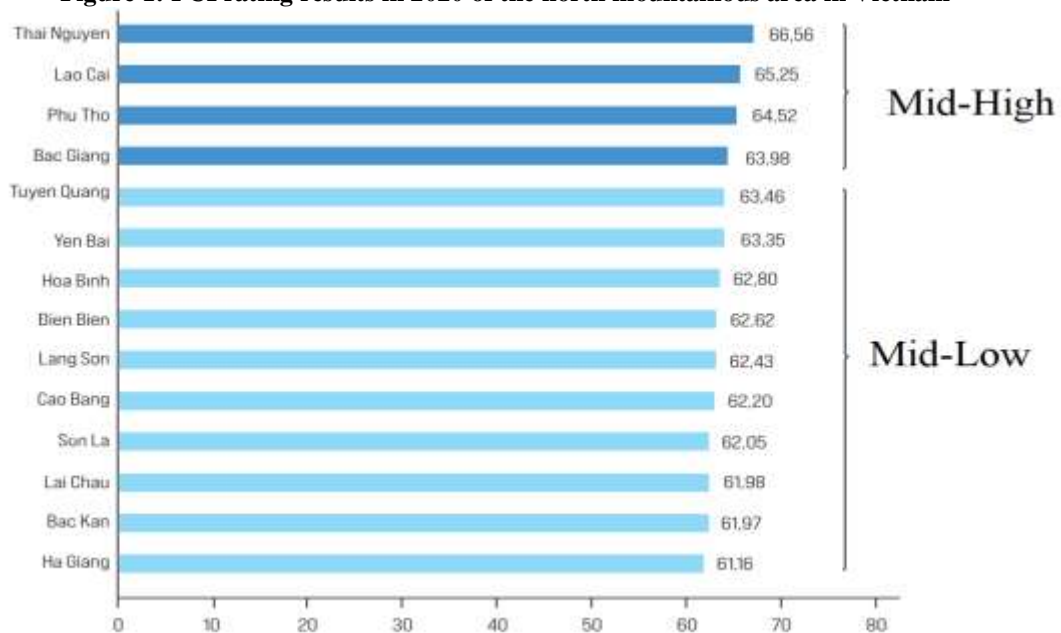
(*: 1 - Excellent; 2 - High; 3 - Mid-High; 4 - Mid-Low; 5 - Low; 6 - Very Low)

(Source: Thai Nguyen Administration of Commerce and Industry)

In 2020, in the context of the outbreak and spread of the Covid-19 pandemic, which has caused a recession and global economic crisis, affecting the Vietnamese economy in general and Thai Nguyen province in particular. Under the leadership of the Provincial Party Committee, the Provincial People's Council, the Provincial People's Committee and the drastic participation of the

whole political system, all levels and branches, and the joint effort and outstanding efforts of the business community and entrepreneurs. and the people in the province, we have overcome many difficulties and challenges, achieved very important and comprehensive achievements in most fields, and made many outstanding impressions in 2020 and 5 years of 2016 - 2020.

Figure 1: PCI rating results in 2020 of the north mountainous area in Vietnam



(Source: Thai Nguyen Administration of Commerce and Industry)

According to the assessment results of VCCI announced on April 15, 2021, in 2020, the PCI index of Thai Nguyen province ranks 11th out of 63 provinces and cities in the country with a combined score of 66.56 points, leading in the group of northern mountainous provinces. 2020 is

also the year Thai Nguyen province has a high score compared to other years; in which, 6/10 component indexes increased, 1 index gained over 8 points, 4 indexes gained over 7 points, the market entry index with the highest score reached 8.35 points.

Table 2: Results of 10 PCI subindices of Thai Nguyen province

Year	2016	2017	2018	2019	2020
Entry Cost	8,62	7,27	6,91	7,36	8,35
Land Access & Tenure	5,76	6,45	6,37	6,07	6,68
Transparency	6,16	6,31	6,12	6,69	5,85
Time Costs	6,64	6,17	6,40	6,63	7,70
Informal Charges	5,76	5,66	5,93	6,31	6,89
Policy Bias	5,20	5,16	5,80	6,59	6,29
Proactivity	5,32	6,05	6,26	6,55	7,39
Business Support Services	4,89	6,00	5,81	6,05	5,63
Labor Training	7,64	7,70	7,69	7,88	7,42
Law & Order	5,84	6,42	6,40	7,13	7,34

(Source: Thai Nguyen Administration of Commerce and Industry)

The PCI ranking order of Thai Nguyen province in 2020 increased by one level compared to 2019 and is assessed to have a good business investment environment; however, looking at the position of the PCI component indexes, besides the breakthrough ones, there are also 4 sub-indices with lower scores than in 2019, which confirms the index's sustainability. PCI is not high. In order to continue to promote the achieved results, maintain the ranking and progress to upgrade the PCI index of Thai Nguyen province in the coming time, drastic solutions are needed to improve each component index.

Some solutions to improve The Provincial Competitiveness Index of Thai Nguyen province

In the context of the complicated development of the COVID-19 epidemic, causing many difficulties for businesses, raising the PCI index in the near future will face many challenges. In order to improve the PCI competitiveness index to attract investment, create favorable conditions for socio-economic development and affirm its position, Thai Nguyen province needs to implement a number of solutions as follows:

- Strengthen the implementation of measures to prevent and control the Covid-19 epidemic in a flexible and effective manner to create conditions for enterprises to maintain and stabilize production and business; accelerate disbursement of public investment packages, especially transport infrastructure investment packages, in order to gradually modernize inter-provincial and inter-regional transport systems; promote the provision of online public services; organize contact and dialogue activities between enterprises and local authorities at all levels; focus on planning and attracting investment in infrastructure development of industrial zones and clusters in the south of the province; create conditions for enterprises to access land to expand

production and business and create a clean land fund to attract investment; improve the operational efficiency of the state administrative apparatus in serving people and businesses; develop a strategy for human resource development in the 2021-2025 period, attract high-quality human resources to work in the province...

- Sectors and localities need to be more active, proactive and responsible in implementing and implementing mechanisms and policies; continue to "stand by" and "accompany" with businesses and business associations in order to promptly remove difficulties for businesses and investors to boost production and business, increase profits and contribute in the socio-economic development of the province. At the same time, continue to promote the propaganda, promotion and publicization of information on the use of public services at level 4, development strategy orientations and mechanisms and policies to attract investment, develop businesses...

- It is necessary to strengthen the coordination between the Provincial Business Association and the authorities in order to promote administrative reform, simplify, open and transparent administrative procedures at all branches and levels. ; At the same time, the business community and entrepreneurs need to continue to accompany the Thai Nguyen provincial government in ensuring the implementation of the "dual goal" of both prevention and control of the Covid-19 epidemic and socio-economic development.

- Improve the quality of human resource training of the province. Thai Nguyen province should focus on strengthening the linkage relationship between schools, training institutions and enterprises, linking training with the actual needs of enterprises; organize training programs on entrepreneurship for students of the province who are studying in economics, agriculture, forestry,

industry... knowledge of business, law, business culture, social responsibility and international integration, ...

- Continue to develop and implement well the mechanism of dialogue and consultation with enterprises and entrepreneurs in the process of formulating and organizing the implementation of policies, strategies, master plans and plans for industry development, socio-economic development of the province. Periodically maintain business contact and business dialogue to promptly remove difficulties and obstacles for enterprises; pay attention to foreign enterprises, large-scale enterprises, but also focus on small and medium-sized enterprises because these enterprises account for the majority and play an important role in the economic development of the province.

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