



# Factors Affecting The Effectivity Of Promulgation And Implementation State Management Decisions On Economy In The Context Of Vietnam's Transition Economy

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## ABSTRACT

State management reform is a regular and long-term activity for each country to improve the efficiency and competitiveness of the economy in order to adapt to the process of international economic integration. Vietnam as is an economy in the transition process, Vietnam is building actively an effective state management system. Making decisions in the state management on economy is one of the most effective tools to manage the economy. The paper explores the factors affecting the effectiveness of promulgation and implementation of decisions in state management on economy in the context of Vietnam's transition economy. The paper builds a research model and surveys with 128 officials in state management agencies on economy and some experts. The research results identify the basic factors affecting the effectivity of promulgation and implementation decisions on economic management, propose some solutions to improve the effectivity of these decisions.

**Keywords:** Management decision, state management decision on economy, environmental management, officials, decision-making environment.

## INTRODUCTION

After more than 30 years of implementing the renovation policy, accelerating the process of industrialization, modernization and opening up integration with the region and the world, Vietnam has achieved many achievements. The state has played a fundamental role in orientation, construction and improvement of economic institutions. Decisions in economic management have contributed significantly to mobilizing and allocating effectively domestic and foreign resources, creating a positive motivation to liberate social production. However, in addition to the achievements, the state management decisions on economy still exist many shortcomings, the effectivity of state management decisions on economy is still low. Because these decisions are not based on the issues need to be solved, certain resources and not anticipated the ability to implement them... This causes major shortcomings in the process of promulgation and implementation state management decisions on economy, affecting adversely the process of economic development in the current renovation period of Vietnam.

## THEORITICAL REVIEW

The decision can be understood as a choice of solutions or plans for a certain problem (Do Hoang Toan, 2005). Decision-making is the power of an individual to decide any matter in his/her daily life. It can be regarded as identifying and choosing alternatives based on the values and preferences of a decision-maker. It is an important segment of every household because the functioning of family resource management depends on the efficiency of decision-making progress (Abhey et al., 2014). The management decision is an instructive behavior of managers to direct, organize and stimulate all motivation sources in the management system,

dominate the development movement of the entire management system to compete the objectives (Nguyen Hai San, 1990). For state management on economy, the state management decision is the State's actions to determine the objectives, operation program of individuals or organizations that must make decisions to resolve a certain problem (Kim Van Chinh, 2012). According to Harold Koontz, management decision is associated with the plan factor. Management decisions are associated with an action plan, with building plans, and one plan cannot exist if a decision has not been published (Phan Van Tu, 1999). The decision always shows the will of the manager, whatever the manager does is through decision-making, these decisions can be issued on a common problem so manager may not be aware that he has made decisions and these decisions may affect the future existence of the organization and it takes few years to have a new assessment about this influence for organizational system in the future, but a manager is always a process of decision-making (Peter Drucker et al., 2012). Basically, the state management decision on economy shows the capacity of managers because the right management decision can help organizations and enterprises save a lot of material, financial and human resources and improves the organization's effectivity (Ho Van Vinh, 2009).

To build a model studying the factors affecting effectivity of promulgation and implementation about state management decisions on economy, the paper is based on two groundworks: The first is studying documents related to promulgation and implementation of state management decisions on economy; the second is choosing the appropriate factors with Vietnam in the context of innovation. This decision is affected by many factors such as: information on decisions (accuracy, completeness, specificity), problems to be solved (the degree of complexity or simplicity of the problem will decide the type of decisions and the level of decisions), the environment of decision which includes political, economic, organizational, social, and technological factors (Do Hoang Toan, 2005). The level of individual decision-making, the priority for innovation, attitudes towards innovation and the degree of influence on innovation effectivity of the decision (Lakhanpal, 1994). The duration of the decision based on the time to make decision will also affect the management decision on economy (Phan Huy Duong, 2017). Overall, the state management decision on economy is to determine the objectives, program of activities of individuals or organizations to solve a certain problem. To improve the effectivity of the promulgation and implementation of state management decisions on economy, it is necessary to focus on some factors such as: problem to be solved, environment, manager, deadline, information and participation of subordinate to make decisions on state management.

## **RESEARCH METHOD**

### **Measurement and collection of data**

In order to carry out the assessment of the factors affecting the effectivity of promulgation and implementation of decisions on economic management in Vietnam in the context of innovation, the paper uses quantitative research, builds regression model with 6 dependent variables and 20 independent variables, as follows:

$$Y = a_0 + a_1X_1 + a_2X_2 + a_3X_3 + a_4X_4 + a_5X_5 + a_6X_6 + \epsilon$$

Y: Effectivity of promulgation and implementation on state management decisions on economy

$a_0 - a_6$ : the coefficients need to be found

$X_1, X_2, X_3, X_4, X_5, X_6$ : Problem need to be solved, manager, deadline of decision, information of decision, participation of subordinates.

To examine the model, the paper uses a questionnaire to assess the factors affecting the effectivity of promulgation and implementation decisions on economic management in Vietnam. The questionnaire in this research comprised into two sections. The first part was designed to collect respondents' demographic information comprising of gender, age, marital status and education level. The second part of the questionnaire consisted of the measurement scales of the variables in study. Each of the variables in study was measured using a 5-point Likert scale which was used to show (1) No effect, (2) Less influence, (3) Slight influence, (4) Influence, (5) much influence.



**Figure 1. The research model**

The data from this study was computed using SPSS. The researchers performed a pilot test in which the researchers derived the questionnaires from the initial 20 respondents in order to ensure the items in each variable are reliable. When the results of pilot tests were found to be reliable, the researchers distributed the remaining 108 questionnaires to the respondents.

## RESEARCH RESULT

The questionnaire was used to collect data from 128 respondents:

Number	Respondent	Number of votes
1	Ministries related to economic management activities (investigation of agencies under the Ministry related to state management on economy) include: Ministry of Finance, Ministry of Planning and Investment, Ministry of Science and Technology, Ministry Agriculture and Rural Development ...	15
2	Local governments at the city, provinces and districts are involved in state management on the economy	10
3	State-owned enterprises include (Song Da Group, Vietnam Electricity, Vietnam Shipbuilding Industry Group, ..) and some private enterprises.	78
4	Associations	10
5	Experts on economic state management	15
<b>Total</b>		<b>128</b>

The results of regression and multi-line defects tests are presented in the table below. The model's dependent variable is effectivity in promulgation and emplementation manangerment decisions on economy and 20 independent variables.

### Demography of Respondents

**Table 1. Gender, Age, Marital Status and Education Level**

Types	Frequency	Percent	Accumulation rate
<b>Gender</b>			
- Male	80	62.5	62.5
- Female	48	37.5	100.0
<b>Age</b>			
25 - 30 years old	12	9.4	2.4
30 - 35 years old	63	49.2	11.8
35 - 44 years old	49	38.3	61.4
45 years old and above	127	99.2	100.0
<b>Working experience</b>			
1-5 years	11	8.6	8.8
6-10 years	13	10.2	19.2
11-20 years	66	51.6	72.0
Above 20 years	35	27.3	100.0
<b>Education Leve</b>			
- Master's degree	27	21.1	21.6
- Banchelor's degree	91	71.1	94.4
- Colleges's degree	7	5.5	100.0
<b>Position</b>			
- Researcher	8	6.3	6.6
- Official	22	17.2	24.6
- Manager	92	71.9	100.0

Pearson correlation test was used to examine the correlation between each independent variable with the dependent variable. The results of the correlation test shows “Problem need to be solved”, “Decision’s environment”, “Manager on economy”, “Decision’s deadline”, “Information in managerment on economy”, “Participation of subordinates” also have Cronbach’s Alpha are above 0.6 (from 0.878 to 0.948); Corrected item – Total Correction of variables are above 0.3. Conclusion is that all variables in the group are reliable and appropriate. Please refer to Table 2.

**Table 2. Verification of reliability**

<b>No</b>	<b>Factors or Dependent Variable</b>	<b>Cronbach’s Alpha if Item Deleted</b>	<b>Corrected item – Total Correction</b>	<b>Sign</b>
<b>1</b>	<b>Problem need to be solved</b>	.931		VDGQ
	Degree of compliance with national political objectives		.871	VDGQ1
	The complexity or simplicity of the problem		.871	VDGQ2
<b>2</b>	<b>Decision’s enviroment</b>	.948		MTQĐ
	Economic and political factors		.886	MTQĐ1
	Cultural and social factors		.922	MTQĐ2
	Natural technology factors		.878	MTQĐ3
<b>3</b>	<b>Manager on economy</b>	.941		CBQL
	Political quality		.705	CBQL1
	Professional skills		.890	CBQL2
	Ability to organize work and people		.805	CBQL3
	Personality		.856	CBQL4
	Professional ethics		.866	CBQL5
	Credibility		.823	CBQL6
<b>4</b>	<b>Decision’s deadline</b>	.925		THQD
	Decide on strategic problem		.862	THQD1
	Decide on short-term, specific-purpose problem		.862	THQD2
<b>5</b>	<b>Information in managerment on economy</b>	.926		TTQL
	Accuracy		.792	TTQL1
	Timeliness		.876	TTQL2
	Economical		.874	TTQL3
	Security		.777	TTQL4
<b>6</b>	<b>Participation of subordinates</b>	.878		TGCD
	Participation and implementation of the long-term decisions		.823	TGCD1
	Participation and implementation of the short-term decisions		.793	TGCD2
	Participation and implementation of the once decisions		.692	TGCD3

### Analyze factor discovery

After meeting the requirements for reliability test, 20 observed variables were included in the factor analysis. Analysis result from research data shows KMO is quite high ( $0.917 > 0.5$ ), Bartlett's Test of Sphericity with  $p\text{-value} = 0.00 < 0.05$ , with the total variance used to explain the factors is 80.457% ( $> 50\%$ ) so it meets the criteria of factor analysis. All of Factor loadings are above 0.5, Eigenvalue  $> 1$ . So, the results of analyzing factors which impact effectivity of promulgation and implementation the decision on economic management have extracted 6 elements with 20 observed variables

**Table 3. Analysis results of explaining factors of independent variables**

<b>Rotated Component Matrix<sup>a</sup></b>			
	<b>Component</b>		
	<b>1</b>	<b>2</b>	<b>3</b>
VDGD1	.603		
VDGQ2	.755		
MTQD1	.893		
MTQD2	.823		
CBQL1	.605		
CBQL2	.777		
CBQL4		.814	
THQD1		.785	
THQD2		.683	
TTQL1	.609		
TTQL2	.686		
TTQL3			.582
TTQL4			.709
TGCD1			.738
TGCD2			.838
MTQD3	.693		
CBQL3	.878		
CBQL5		.753	
CBQL6		.816	
TGCD3			.813
<b>KMO and Bartlett's Test</b>			
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.			<b>.917</b>
Bartlett's Test of Sphericity	Approx. Chi-Square	2760.24	6
	Df		190
	Sig.		<b>.000</b>

### Multiple Regression Analysis

After analyzing the exploratory factor, the paper performs testing hypotheses through correlation testing and multiple regression. Before examining the research model using multiple regression analysis, the paper examined the correlation between variables in the model using Pearson's Correlation coefficients to quantify the severity of the relationship between independent variables and dependent variables. The results show that the dependent variable is correlated with most other study variables and it has a correlation coefficient that reaches statistical significance from 0.582 to 0.893 and is greater than 0.55 (Table 3).

There are 3 representative factors: Decision's environment (MTQD), Manager on econmy (CBQL), Participation of subordinates (TGCD), this is reorganized differently from the original theoretical model (including 6 factors), as follows:

**Table 4. Modified model through Cronbach Alpha test and exploratory factor analysis**

Number	Factor	Featured variable	Explain
1	MTQD	VDGQ1, VDGQ2, MTQD1, MTQD2, CBQL1, CBQL2, TTQL1, TTQL2, MTQD3, CBQL3	Decision's enviroment
2	CBQL	CBQL4, CBQL5, CBQL6, THQD1, THQD2	State management officials who have decision-making authority
3	TGCD	TGCD1, TGCD2, TGCD3, TTQL3,TTQL4	Participation, support and compliance of subordinates in the process off decision-making

Research data model with Adjusted R Square = .715 shows that 71.5% change in the effectivity of promulgation and implementation of economic management decisions is explained by independent variables of the model (Table 5)

**Table 5. Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.850 <sup>a</sup>	.722	.715	.51744095

a. Predictors: (Constant), MTQD, CBQL, TGCD

The results of regression analysis on three factors affecting the effectivity of promulgation and implementation state management decisions on economy in Vietnam today are as follows:

**Table 6. Results of the coefficients**

Model	Coefficients <sup>a</sup>						Collinearity Statistics	
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Tolerance	VIF	
	B	Std. Error	Beta					
1	(Constan)	.041	.049		.833	.407		
	MTQD	.684	.050	.706	13.797	.000	1.000	1.106
	CBQL	.325	.050	.336	6.559	.000	1.000	1.118
	TGCD	.323	.050	.334	6.524	.000	1.000	1.100

a. Dependent Variable: HQQDQL

The results in table 6 show that 3 factors affecting effectivity of promulgation and implementation of state management decisions on economy have sig <0.05, which makes them significant, Variance inflation factor (VIF) > 1 so it can be concluded that there is no multicollinearity phenomenon between these three factors. And Sig. < 0,001 so it can be

concluded the model given is consistent with real data. In other words, the independent variables are correlated with the dependent variable with a 99% confidence level (Figure 7).

**Table 7. Analysis of variance in this study**

		ANOVA <sup>a</sup>				
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	73.883	3	24.628	91.982	.000 <sup>b</sup>
	Residual	28.381	106	.268		
	Total	102.264	109			

*a. Dependent Variable: HQDQL*

*b. Predictors: (Constant), MTQL, CBQL, TGCD*

The multiple linear regression equation shows the relationship between the three factors, decision environment, manager and participation of subordinates that affect the effectivity of promulgation and implementation state management decisions on economy in Vietnam and is built as follows:

$$HQDQL = 0,41 + 0,684MTQL + 0,325CBQL + 0,323TGCD$$

### SOLUTIONS AND RECOMMENDATIONS

Based on the research, the paper proposes some solutions to enhance the effectivity of promulgation and implementation state management decisions on economy in Vietnam:

*Firstly, changing awareness about the role and importance of State management decisions on economy in the context of transition.* First of all, it is necessary to be full aware of the role of state management decisions on economy. It is necessary to define clearly the economic management decision that expresses the manager's will on the objectives, policies, management rules, procedures, plans ... These become a formal, normative and enforceable order for members in organizations. And state management decisions on economy need to be consistent with the problem that it resolves, must be based on the objectives of the decision to select solutions. In addition, the decisions must ensure the scientific and systematic as well as be based on the conditions of resources (material, financial, human resources and time, information,..). Before making decisions, it is necessary to take into account barriers and the ability of the implementers.

*The second is arranging officials.* The reform of official regime with the following main contents:

- Determining clearly the position, structure and standards of titles and officials in each state agency to serve as a basis for recruiting and using
- Do well the planning work and implement the planning arranging official; through the evaluation and classification of official, identifying clearly officials who are under-qualified. There is a suitable policy for those officials to be removed from the apparatus
- Renewing the regime of recruitment and management of officials. Recruitment of officials must be based on the needs, positions, structure and criteria of titles of officials.
- The evaluation and classification of officials must be based on the results of performing assigned task
- Conducting recruitment examinations for some leader positions associated with professional skills in the state management apparatus.
- Innovation of staff management. Continue to implement strongly the contract regime to implement some work
- Overcome too many deputies. It is necessary to focus on renovating working methods, reducing meetings, defining clearly the responsibilities of officials.



*The third is to improve the decision-making environment.* Decision-making environments are forces and factors outside the decision-making system that have a profound effect on decision-making. This environment includes political, economic, organizational, social and technological factors. The decision-making environment includes political, economic, organizational, social and technological factors. Determine exactly the impact of the environment to improve, adapt and to create favorable conditions for making the right decisions. Must know how to analyze the impact of the environment on the decision-making process. Based on analyzing decision-making environmental, people will find appropriate solutions to improve, transform, adapt and exist with them in the most beneficial way.

*The fourth is to increase the participation of subordinates in the process of promulgating and implementing decisions.* Predicting the ability to implementing decisions, the level of compliance with decisions, thereby making management decisions effectively, accurately and appropriately.

### CONCLUSIONS

Overall, there are three factors affecting the effectivity of promulgation and implementation of state management decisions on economy in the context of innovation in Vietnam. They are decision-making environment, manager, participation and the level of compliance with economic management decisions of subordinates. All of three factors have sig. <0.05, thus they are statistical significance. In general, state management decisions on economy play an important role in the economic development. Improving the effectivity of implementation of economic management decisions is a permanent and long-term activity for Vietnam. Therefore, in the coming years, one of the most important solutions to improve the effectivity of promulgation and implementation decisions is focusing on reforming the decision-making environment, building management staff to meet the country's innovation requirements as well as increasing the participation of subordinates in the process of promulgation and implementation the decisions.

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