

THE INTERNATIONAL JOURNAL OF BUSINESS & MANAGEMENT

Factors Affecting Enterprise's Satisfaction towards Administrative Procedure Reform in Vietnam: Case of Thai Nguyen Province, Vietnam

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Abstract:

This study aims at measuring the satisfaction level of enterprises towards the reform process of administrative procedures in Vietnam. A total of 544 enterprises which are mainly located in Thai Nguyen province were surveyed based on a questionnaire developed from the contents in the Administrative Procedure Reform Scheme of Thai Nguyen province. Among 7 factors were identified that may affect on enterprise satisfaction, time and costs are at the lowest level of satisfaction. Furthermore, feedback information, procedures, and service attitude have strongest impact on enterprise satisfaction in comparison with the remaining factors. This may infer for the People Committee of Thai Nguyen province to focus more on the application of technology in order to reduce time and cost in the administrative procedure as well as to enhance the level of enterprise satisfaction.

Keywords: Administrative procedure reform, Vietnam, enterprise satisfaction, Thai Nguyen province

1. Introduction

Reforming the administrative procedures, cutting down the business conditions are considered as a driving force for the economic growth and long – term sustainable development in Vietnam. Resolution 19 on enhancing competitiveness and improving the business environment promulgated by the Vietnamese Government has set many targets for the ministries and branches to work on reducing time, costs for enterprises over the past five years. As a matter of fact, the Vietnamese government has cut down 6776 out of 9926 procedures required for specialized checks for export and import god, 36.5 percent of target set by the Resolution No 19 (Resolution No2/NQ-CP), saving 11.6 million working days, equivalent to more than US\$ 233 million. Moreover, the Vietnamese government also removed 3364 business condition out of the total 6191, saving more than 5.9 million working days.

However, the reform of administrative procedures seems to be in the level of improvement, many targets have not been achieved, the size of the reforms is only the removal of administrative barriers, not creating the contribution for the growth such as the elimination of regulations on business risks and increasing the protection of intellectual property for the enterprises, developing the policies to promote the national competition. In the Provincial Competitiveness Index report (2016), administrative procedures are still a burden of enterprises. In the period of 2014-2016, among three enterprises, one should spend more than 10 percent of their operation time for administrative procedure.

Thai Nguyen – a province located in northern Vietnam has been emerging as a one of the brightest venues for investors in the last several years. A total of 130 FDI project with US\$ 7.4 billion registered capital has been attracted into the province, ranking 11th in Vietnam. As a result, a number of domestic corporations invested in Thai Nguyen such as TECCO, Masan, Wolfram Nui Phao... contributing to the increase of local budget in particular and the development of socio-economic of the province in general. Currently, Thai Nguyen province employs 1480 administrative procedures, 100 percent local government have a separated room for receiving and returning administrative procedure, 100 percent district level have been employing one –door and one – stop software...

However, according to the PAR (Procedure Administrative Reform) index, Thai Nguyen ranked 30th among 63 cities and provinces in Vietnam regarding administrative index, nevertheless, the component index for administrative procedure, Thai Nguyen is among the lowest position, ranking 61/63 cities and provinces in Vietnam (Ministry of Home Affair, 2018), above only Quang Ngai and Binh Dinh province. Therefore, this study aims at measuring the satisfaction level of enterprises on the administrative procedure reform as well as identifying factors affecting enterprise satisfaction towards the results of administrative procedure reform.

2. Methodology and Data

2.1. Data

The questionnaire with a total of 32 items was developed based on the Administrative Procedure Reform scheme of Thai Nguyen province, a survey on 15 specialists was utilize to adjust the questionnaire with a Likert 5 scale. According

to Trong and Ngoc (2008), the minimum sample for the analysis should be 165, therefore, to assure the confidence level of the study, a total of 544 enterprises were surveyed via a direct interview in June, 2019.

2.2. Methodology

Exploratory factor analysis (EFA) method was utilized to identify factors affecting the satisfaction level of enterprises toward the results administrative procedure reform following Hair et al (2010). Results of EFA showed that a total of 7 factors were identified as indicated in the following tables:

Factors	Items	Factor naming	Code
1	Cadres and civil servants are polite when receiving and returning administrative dossiers	Service attitude (TDPV)	TDPV1
	Cadres and civil servants are friendly, enthusiastic when answering question and queries of the people and businesses		TDPV2
	Cadres and civil servants do not cause harassment and trouble for people and businesses		TDPV3
	Cadres and civil servants receive and process files fairly among citizens and businesses		TDPV4
	Cadres and civil servants possess high professional qualifications		TDPV5
	High morale and responsibility for the records of people and businesses		TDPV6
2	Room for receiving and returning results is spacious, meeting the requirements	Facilities (CSVC)	CSVC1
	Facilities and support conditions (waiting tables and chairs, parking lots, fans, drinking water, toilets...) are fully equipment and at good quality		CSVC2
	Administrative procedure map is clearly arranged and easy to be observed		CSVC3
	Administrative procedure contents are publicly listed, complete and clear		CSVC4
	The arrangement of reception and return results are reasonable		CSVC5
3	The requirements for the composition of administrative documents are reasonable	Procedures (QTTT)	QTTT1
	The administrative procedures are open and transparent		QTTT2
	The legal regulation on administration procedures are appropriate		QTTT3
	Documents returned to people and businesses are not incomplete and in erroneous		QTTT4
	Citizens do not need to go for administrative procedures several times		QTTT5
4	Fees and charges are posted publicly and fully	Costs (CPHC)	CPHC1
	Collecting fees and charges in accordance with regulations (with receipts)		CPHC2
	Fees and charges for administrative procedures are reasonable		CPHC3
	No extra charges are required		CPHC4
5	The waiting time for submitting the administrative procedures is reasonable	Time for administrative procedure (TGGQ)	TGGQ1
	The number of travel time to submit and receive the administrative procedures is reasonable		TGGQ2
	Time to return results is quickly		TGGQ3
	The working schedule of the administrative procedure is appropriate		TGGQ4
6	You are satisfied with the attitude of cadres and civil servants	Level of satisfaction (MDHL)	MDHL1
	You are satisfied with the process of administrative procedures		MDHL2
	You are satisfied with the administrative procedures in investment		MDHL3
	You are satisfied with the time for administrative procedure in investment		MDHL4
	You are satisfied with the costs of administrative procedures in investment		MDHL5
7	The citizens and businesses can reflect and recommend about administrative procedures	Feedback Information (TTPH)	TTPH1
	Cadres and civil servants always receive feedback and recommendations		TTPH2
	Cadres and civil servants always respond to suggestions and recommendations		TTPH3

Table 1: Factors Identified
Source: Results from EFA Method

Further step for this study is the application of Confirmatory Factor Analysis - CFA and Structural Equation Model - SEM method to identify the impacted factors and measure the level of influence on enterprise satisfaction (Fornell and Larcker, 1981).

2.2.1. Hypotheses

- H1: Facilities have positive effect on enterprise's satisfaction
- H2: Service attitude has positive effect on enterprise satisfaction
- H3: Feedback information has positive effect on enterprise satisfaction
- H4: Procedures have positive effect on enterprise satisfaction
- H5: Time of administrative procedures has negative effect on enterprise satisfaction H6: Implemented costs have negative effect on enterprise satisfaction

3. Results and Discussions

3.1. CFA Analysis

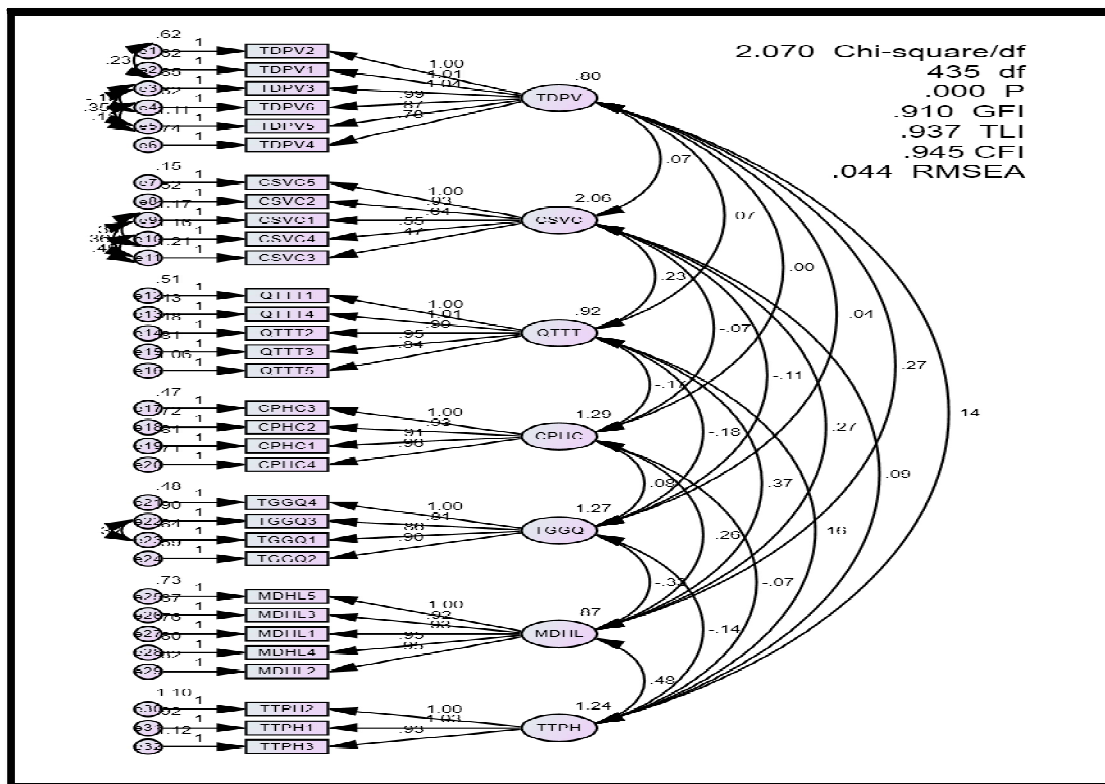


Figure 1: Results of CFA Method
Source: Author's Result Analysis

The results of CFA method confirm that there exists relationship between items and seven factors related to the satisfaction of enterprises

3.2. Results of SEM

The results in figure 2 show that the model is suitable with data, Chi square value = 900,535, degree of freedom = 435, CMIN/df = 2,070 (< 3), P value = 0,000. Other indexes are appropriate: TLI = 0,937, CFI = 0,945, GFI = 0,910 (> 0,9), RMSEA = 0.044 (< 0,05). All weighted variables > 0,5, P value = 0,000 prove that the theoretical model is suitable with surveyed data.

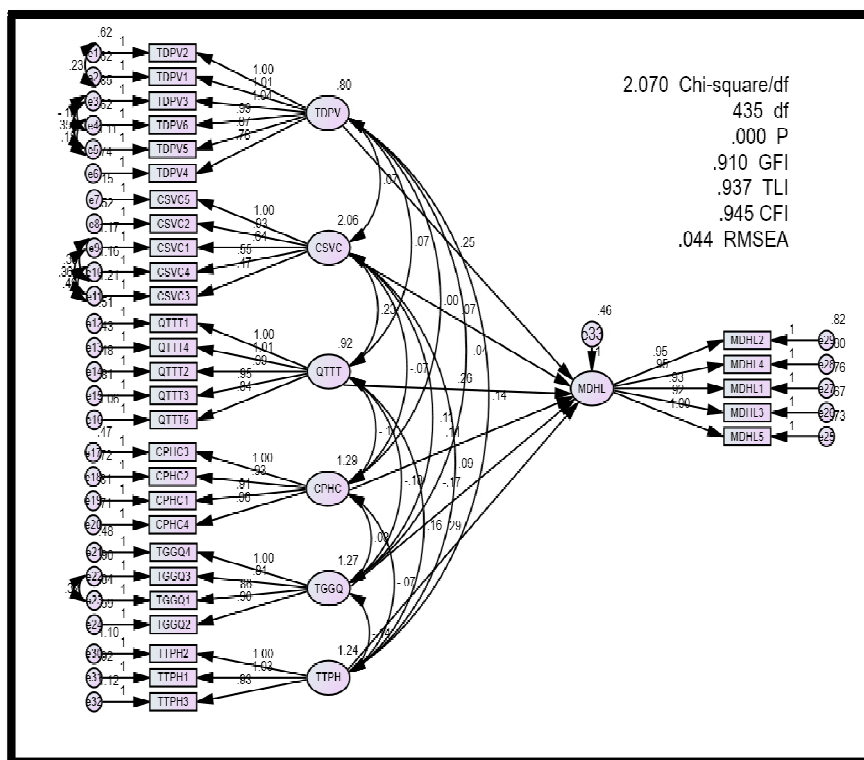


Figure 2: Results of SEM of Theoretical Model
Source: Author's Calculation

The results of SEM analysis are presented in table 2 below:

Relationship Correlation between Factors			Estimate	S.E.	C.R.	P	Standardized
MDHL	<---	TDPV	0,247	0,046	5,351	***	0,236
MDHL	<---	CSVC	0,067	0,026	2,578	**	0,103
MDHL	<---	QTTT	0,261	0,044	5,998	***	0,269
MDHL	<---	CPHC	-0,137	0,035	-3,972	***	-0,167
MDHL	<---	TGGQ	-0,167	0,036	-4,667	***	-0,202
MDHL	<---	TTPH	0,294	0,041	7,12	***	0,351

Table 2: Results of SEM Analysis
Source: Author's calculation

Results of standardized estimation show that Service attitude (TDPV), facilities (CSVC), Procedures (QTTT) and Feedback information (TTPH) have positive effect on the level of enterprise satisfaction in the process of administrative procedures whereas, Cost (CPHC) and Time (TGGQ) have negative effect. The results show that all relationship hypothesized in the model are proved by SEM tested.

3.3. Bootstrap Testing for the Model

Parameter			SE	SE-SE	Mean	Bias	SE-Bias	CR
MDHL	<---	TDPV	0.046	0.001	0.237	0.001	0.001	1
MDHL	<---	CSVC	0.043	0.001	0.103	0	0.001	0
MDHL	<---	QTTT	0.047	0.001	0.272	0.002	0.001	2
MDHL	<---	CPHC	0.046	0.001	-0.165	0.002	0.001	2
MDHL	<---	TGGQ	0.049	0.001	-0.201	0	0.001	0
MDHL	<---	TTPH	0.046	0.001	0.349	-0.002	0.001	-2

Table 3: Results of Bootstrap Estimation with N = 1800
Source: Author's Calculation

Results of average estimations and bias, SE -bias are presented in table 3 above, Bias and standard deviation bias appear insignificantly. CR value < 2 indicates that bias is small and it shows that estimations in the model is reliable.

4. Discussion

According to table 4, factors affecting the level of enterprise satisfaction are explained as follows:

Firstly, factors have positive effect on the enterprise satisfaction included: feedback related to information provided to enterprises (standardized parameter 0.294); procedures (standardized parameter 0.261), service attitude (standardized parameter 0.247), facilities (standardized parameter 0.067).

The feedback factor seems to have strongest effect on enterprise satisfaction, following by factors of procedures, service attitude and facilities. As a matter of fact, enterprises rarely propose recommendations for the administrative procedures, and in the component of Thai Nguyen PCI, business support services and policy bias are at the lowest score (5.81, and 5.80 respectively) among 10 sub indices. It is explained why those two factors may have biggest impacts on the level of enterprise satisfaction.

Secondly, as expected, factors have negative effect on the enterprise satisfaction included: time of administrative procedures (standardized parameter -0.167), costs of administrative procedures (standardized parameter -0.137). Therefore, all hypotheses H1, H2, H3, H4, H5, H6 are accepted in theoretical model.

Hypotheses	Correlation			Estimate	S.E.	C.R.	P
H ₁	Level of satisfaction	<---	Facilities	0,067	0,026	2,578	0,01
H ₂	Level of satisfaction	<---	Service attitude	0,247	0,046	5,351	0,00
H ₃	Level of satisfaction	<---	Feedback	0,294	0,041	7,12	0,00
H ₄	Level of satisfaction	<---	Procedures	0,261	0,044	5,998	0,00
H ₅	Level of satisfaction	<---	Time	-0,167	0,036	-4,667	0,00
H ₆	Level of satisfaction	<---	Costs	-0,137	0,035	-3,972	0,00

Table 4: Standardized Parameters of Theoretical Model

Source: Author's Calculation

5. Conclusions and Policy Implications

This study confirms 6 factors affecting enterprise satisfaction towards administrative procedure reform in Thai Nguyen city. There are four factors which show positive effect on enterprise satisfaction and two factors have negative impact on enterprise satisfaction. In order to enhance the level of enterprise satisfaction the following recommendation should be employed:

Firstly, it is necessary to accelerate the information technology (IT) application, so that enterprises could do their administrative procedures online. With IT application, it is not only can enhance the efficiency of information exchange between businesses and local government, it can also reduce time and costs of administrative procedures

Secondly, following the guideline of Vietnamese government, the cutting down administrative procedures should also be a good suggestion for Thai Nguyen province in particular and for Vietnamese government in general. The process of reducing the number of administrative procedures may depend on the effort of Ministries and Branches, however, Thai Nguyen province could check its administrative procedures as well as investment policies in order to avoid low assessment from enterprises regarding policy bias matter.

6. References

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