

Structural transformation and competitive repositioning of the Vietnamese industry: the role of the business environment policies

ABSTRACT

In the course of the last decades the Vietnamese economic transition and industrial development experience has assumed an increasing relevance within the economic academic literature and the international financial institutions' publication activity.

In particular, the activation of sustained economic growth dynamics associated to a rapid industrialization has led many scholars to include Vietnam among the successful experiences of the East Asian region. In terms of policy implications, the development trajectory of the country has become an important observatory to test the effectiveness of the convergence models promoted by the mainstream literature and/or to elaborate theoretical innovations alternative to the Washington and Post-Washington Consensus interpretations. In this framework, the peculiarity of the historical, geopolitical scenarios and the socio-economic equilibria in which it is possible to situate the Vietnamese industrial takeoff, as well as the hybrid character of the government policy-making approach, make difficult to identify univocal interpretations concerning the country's development determinants and the resulting policy implications.

The purpose of our research is to investigate a series of fundamental issues related to the Vietnamese industrial development trajectory relying on a plurality of theoretical categories and analytical tools.

In the first place, we adopt an approach intended to frame the Vietnamese development pattern within the Asian context, focusing on the historical dynamics, the heterogeneity of the development models in the region and the evolution of the interpretative schemes that formed the background of the East Asian regionalization and development process. In this context, we make the effort to extend this picture to the progressive emergence of the Vietnamese industrialization experience. In the second place, we carry out a historical reconstruction of the most important crossroads of the Vietnamese transition from the Reunification to the current days focusing on the main turning points in terms of economic, industrial and trade policy. On this basis, by means of an analysis of the main planning documents, we identified a categorization between two alternative industrial policy approach, i.e. the "market-stimulating" and the selective planning approaches. At the same time, our analysis also focuses on an empirical perspective stressing the evolution of the data concerning the factors of the country's structural transformation since the beginning of 2000s, highlighting the productive a series of productive as well as competitive specialization trends. Finally, we focus on the issue of the heterogeneity of the Vietnamese economic system, exploring the divergence in the obstacles and demands of policy that characterize the Vietnamese economic agents. In this framework, taking into

account the constraints related to four dimensions of business environment on a sample of about 2000 Vietnamese firms, related to the years 2009 and 2015, the data exhibit how the firms' specific characteristics are likely to contribute to explain the nature and the severity of their business environment constraints. In this regards, from the data it emerges a structure of the Vietnamese productive system which is essentially dualistic. On a side, a segment of more dynamic and integrated firms, consisting of large and internationalized enterprises operating in the higher value added sectors, reports to be significantly more penalized from constraints associated to the lack of qualified workforce and less affected from the dimensions of access to finance, informal competition and transport; on the other side, conversely, a segment of less advanced and performing enterprises, mainly consisting of small domestic firms operating in the domestic market and traditional sectors, tends to not consider as particularly significant the obstacles related to human capital constraints, being majorly concerned with respect to the other three dimensions of access to finance, informal competition and transport. In this perspective, it appears evident how the one-size-fits-all approach that has inspired the government policies in support of business environment is likely to address *de facto* the demands of policy expressed by the most performing firms and the most integrated territories marginalizing, instead, the instances of the most disadvantaged economic agents. As a result of this, our analysis underlines the necessity of formulating differentiated strategies of industrial policy that take into account in the definition of the targets of the specific constraints faced by different categories of firms.