Public Management and Strategic Management in Vietnam State-owned Enterprises (SOEs)

Mai Thanh Lan

Correspondence: Ph.D. Mai Thanh Lan, Vietnam University of Commerce, Mai Dich-Cau Giay district, Hanoi, Vietnam. Tel: +84-0904117943. E-mail: mailan.dhtm@gmail.com

Received: January 21, 2016 Accepted: February 1, 2016 Online Published: March 5, 2016
doi:10.5539/ibr.v9n4p58 URL: http://dx.doi.org/10.5539/ibr.v9n4p58

Abstract

State owned enterprises (SOEs) play an important role in Vietnam’s economy and therefore always receive care from our Party and State. In the context of economic crisis, to stabilize the business situation and overcome the crisis, the State should have a policy which is correct and conformable to the State economic sector to bring the role of macroeconomic regulation of these enterprises into play. The research analyzes the characteristics of SOEs as well as the actual application of the State management policies to this economic sector, from that to assess the difficulties and shortcomings of Vietnam SOEs against the background of globalization. Based on analyzing the documents collected together with the practical surveys of a number of state-owned corporations, groups, the paper gives an overview of the State economic sector in Vietnam and proposes some effective solutions to improve State management over the national economy.

Keywords: public management, strategic management, state-owned enterprises, SOE, Vietnam

1. Introduction

The financial crisis in 2008 has had great impact on the global economy, driving enterprises of various countries to the verge of bankruptcy. Vietnam doesn’t lie outside the area that falls under the influence of the world’s financial storm; and until now when the repercussions of the crisis have not ended yet, the boat of Vietnam’s economy is still day by day making strenuous effort to row and punt to overcome the waves of this crisis. The high inflation and financial risk rates, the obsession of dramatic ‘shock’ in terms of finance and bad debt, the increasing number of bankrupt enterprises…are the negative effects of the crisis Vietnam is facing. According to data from the General Statistics Office of Vietnam by the end of 2014, as many as 67,823 enterprises had to wind up or stop operation. The aftershocks of the crisis have been affecting most Vietnam enterprises in all economic sectors, irrespective of sizes. And SOEs also fall within the area under the influence of this financial storm (Tran, 2012; CIEM, 2012).

In Vietnam, along with the process of economic innovation and restructuring, up to now are no more in great number, only accounting for a small proportion in the national economic structure. Till the end of December 2013, SOEs numbered 3,198, accounting for 0.9% of the whole country and attracting 13.5% of the nationwide workforce. Although a small proportion, every year, SOEs contribute to about 30% of the nationwide GDP every year, and before-tax profit of these enterprises makes up 41.5% (GSO, 2014). Moreover, with the socialist market-oriented economy, our Party and State always regard State-owned enterprises a main tool for the State to implement policies for stabilizing macroeconomy, coping with negative fluctuations of the market, especially during the period of the world economic crisis in order to control inflation (CIEM, 2012). From the role played by SOEs and against the background of economic crisis, this paper focus the strategic management in SOEs as the subject matter with the aim of stressing the role of State management over the Vietnamese national economy. The research helps to solve the problems concerning the current situation of strategic management in Vietnam SOEs in crisis, to assess the difficulties confronting and the achievements achieved, from that to propose solutions to improve the competence for strategic management SOEs of the Government of Vietnam, thus making an important contribution to navigating the boat of Vietnam’s economy over the crisis.

2. Theoretical framework

2.1 Definition and Characteristics of SOEs

The Enterprise Law of Vietnam in 1995 provided a pretty general and complete definition of SOE: “SOE is an economic organization with investment capital provided by the State to set up and organize the management, business
or public activities in order to achieve the socio-economic objectives assigned by the State”. Also according to this law, SOEs exist under the three forms of independent enterprises, corporations and member enterprises of corporations.

In researches, SOE is often defined as an organization that has most or all capital and shares owned by the State, participates in trade activities in a globally competitive economic environment (Wollmann, 2003; Pollitt and Bouckaert, 2004). This concept stresses the capital ownership of the enterprise, in which most of capital resources is the capital invested by the State (not necessarily owning 100% of the capital resources), the State is the biggest shareholder in the enterprises.

Nevertheless, according to the amended Enterprise Law in 2015, a SOE is an enterprise where the State holds 100% of the charter capital. According to this new concept, there is change in the thought of State management in enterprises. When the new concept of SOE comes into effect, the joint stock companies where State capital makes up less than 100% shall not have to exercise their own rights and obligations or to be subject to the exclusive way of management over SOEs any more. This is a great, basic change leading to the change in strategic management of the enterprise, thus improving the enterprise’s performance after equitization (Ngo, 2012).

SOEs in socialist countries are basically characterized by the following (Nguyen, 2013; Vernon and Yair, 2013):

- Firstly, SOEs are economic organizations invested and established by the State. According to the amended Enterprise Law in 2015, the State invests 100% of the charter capital and doesn’t share with any people the right to invest initial capital to set up SOEs. So, the State is the only founding member and holds the full right to set up enterprises.

- Secondly, SOEs are organized by the State and operate to achieve the socio-economic assigned by the State. The State, as a manager, but will not directly hold the ownership of enterprises’ assets; SOEs’ activities are governed by the State in terms of socio-economic objectives. For SOEs involved in business activities, they must be assured of the preservation and development of the capital allocated. For SOEs involved in public benefit activities, they must make plans for estimate and use of capital in order to achieve the public benefit tasks assigned by the State.

- Thirdly, SOEs have legal status; have the right to manage the capital and assets allocated by the State. Like other economic units, SOEs can also be involved in manufacturing and business operations to earn profits. Legal status occurs when SOEs carry out business registration, so SOEs have civil rights and obligations, are independent in terms of assets, every activity of enterprises will be under the auspices of the law.

2.2 Strategic Management in SOEs

In the most general way, strategic management of SOEs is a system of mechanisms and regulations under which enterprises are oriented to be run and controlled under the policies and the norms set by the State. After being affected by the Asia commercial crisis in 1997 and the global commercial crisis recently, the strategic management body of SOEs shows many weaknesses. Effective strategic management of SOEs is increasingly being cared for. SOEs are being under the State’s management in order to ensure continuous development.

The core characteristics of State management over SOEs lie in the fact that the State doesn’t intervene into operational activities of SOEs, stops subsidizing enterprises and shifts to managing enterprises by macro and statutory regulation. Self-control in manufacturing and business is handed over to SOEs and there is a clear power devolvement between State economic management and manufacturing and business management (Nguyen, 2013). So, SOEs have their self-control and right to equality as business units in other economic sectors. Nevertheless, as SOEs are owned by the State, they must be put under the direct management of the State (through agencies with powers of management given by the State). The State manages enterprises is not only for exercising its function of economic management but also as owner of the State capital and assets allocated to enterprises. The State therefore has the rights to decide the most important issues in the organization and operation of SOEs (Vernon and Yair, 2013).

- Contents of strategic management in SOEs

According to the model of centralized State management of Wettenhall (2001), the duties of managing, supervising in a comprehensive manner the operating performance of SOEs belong to the only agency, this agency is responsible for exercising the rights and obligations by State owner. This agency is headed by Prime Minister or a Vice-Prime Minister; the members are the people responsible for or acting on behalf of the relevant ministries involved. This agency has fully-constituted professional bodies such as personnel, salary and wages, finance-accounting, training, etc. for managing in a comprehensive manner activities of SOEs. Before changes of the economy in general, particularly in the periods the country is confronted with difficulties such as economic crisis, public debt, in order to manage SOEs effectively, experienced civil servants in professional management bodies play important role in determining development policies, ways of supporting SOEs. At the same time, Ministers of sectors can mobilize the consensus from the Government so as to obtain the approval from the National Assembly of appointing suitable individuals to
manage well SOEs. In the centralized State management model, the full management rights towards single units from ministries, professional sectors, SOEs and public organizations belong to the State in order to achieve the objectives, policies set by the State.

MacCarthaigh (2009) provided the model of decentralized State management, with emphasis on the fact that SOE management tasks should be assigned to the ministerial-equivalent bodies rather than to governmental level bodies in order to avoid unnecessary procedural overlapping. Ministries will set up a department for carrying out this mission. The ability of SOEs to create revenue is the decisive factor for their financial independence. Nevertheless, for most SOEs, except for fees and charges, most of the remaining incomings must be with approval from ministerial level or other organizations as stipulated. Also according to this author, self-control, personnel, finance, policies as well as respect in the relationships between SOEs and the higher levels have also considerably been improved during the period of crisis, since after all, SOEs are the economic sector that makes a significant contribution to the State budget. The model of decentralized State management conforms to the countries with fragmented administrative structure and is being applied in numerous countries of North America and the EU such as Belgium, Poland, Spain, etc.

Each State management model has different advantages and disadvantages, but in experts’ opinion, the model by MacCarthaigh (2009) has more advantages as it has well defined the function of State ownership and the State management function. This model however will entail the setting up a body accompanied by the issue of personnel on the staff of the State. Intransparency in policies, rights may lead to contradictions of interests among ministries, sectors. In recent time, the impacts of the crisis have changed the mode of strategic management of SOEs. The economic crisis has driven SOEs to the considerable competition with enterprises in other economic sectors such as private economy, economy with foreign capital…in the issues of finance, manpower, salary and wages, leading to brain drain. Under the pressure of the crisis, whatever State management models they may be in, enterprises should have assessed on their own their real situation of activities; set up their own boards of directors; defined their duties, powers; allocated capital resources and other important features so as to exist and develop in the post-crisis period. In general, the economic crisis has resulted in the change of the ownership and management of SOEs; therefore, the strategic management of these enterprises will not only exist and operate under the severe conditions of the economy but also have to achieve the objects set by the Government and State.

- Legislation on strategic management in Vietnam SOEs

In Vietnam, the centralized State management model has been being applied. According to Articles 25 and 27 of the Enterprise Law of Vietnam in 2005, “The Government uniformly organizes SOEs…” and “The Government uniformly organizes the exercise of the ownership of the State towards SOEs”. Besides, bodies implement management according to the Government’s devolution of power and in accordance with the law, directly involved in the State management over SOEs”. In addition, SOE strategic management policies which are being amended, supplemented and gradually serving as grounds for agencies representing the owner to conduct supervision over activities of SOEs.

- On 4/3/2011, the Government of Vietnam issued the Decision No. 14/2011/QĐ-TTg dated 4/3/2011 on promulgating classification criteria, list of SOEs, as well as regulations on equitization of SOEs, conversion of SOEs to one member companies limited to meet the strategic management requirements in the crisis period. Since 2001 up to now, the Government has four times issued decrees on SOE equitization: Decree No. 64/2002/NĐ-CP dated 19/6/2002, Decree No. 187/2004/NĐ-CP dated 16/11/2004; Decree No. 109/2007/NĐ-CP dated 26/6/2007; and Decree No. 59/2011/NĐ-CP dated 18/7/2011, with important modifications such as expansion of subjects of equitization, stipulation on sale of shares to the outside in the form of auction, corporate valuation…

- The main contents of State management according to the new mechanism have been shown in the resolutions by the Party, the law of the State. The resolution of the Third Congress of the Central Party Committee of Sixth Term stated “The function of State management over SOEs is to build, improve the legal framework and issue management policies, mechanisms towards enterprises involved in business activities and public benefit activities; to build, plan and train key cadres for SOEs; to inspect, supervise the observation of the law, regimes, regulations of the State at enterprises”.

- Recently, the amended Enterprise Law in 2015 stipulates clearly State management over one member companies limited where the State is owner; how to organize and implement the execution provisions for SOEs.

- Especially, the State has established State Capital and Investment Corporation (SCIC) towards separating the State owner’s management function of from the State administrative management function; Outstanding Debt and Asset Trading Company (DATC) in order to create a tool to help enterprises to solve the outstanding debts and assets occurring in their manufacturing and business process, enabling SOEs to work more effectively. Therefore, during and after the period of crisis, the mechanism for strategic management of SOEs in our country has been more improved so as to make SOEs less dependent.
3. Methodology
First of all, the research employs the method of studying documents based on secondary data including books, newspapers, professional magazines in the home country, research works by world’s authors in order to lay theoretical foundation and to have a full knowledge of the issues under research; the news and updates on the general economic situation as well as the latest legal policies of the State ran on the Internet.

Next, in order to get the most precise, objective and practical information on the issues under research, we conducted several interviews of some leaders of Vietnam SOEs and economists of Vietnam. The interview questions were the open ones appertaining to strategic management in Vietnam SOEs in general and during the crisis period 2008 – 2012 in particular.

Primary data collected from interviews was analyzed and combined with secondary data; from that we obtained the research results which will be presented in the next section.

4. Research results
4.1 Strategic Management in Vietnam SOEs
The model of strategic management of Vietnam SOEs is the combination between centralized and decentralized management. The strategic management of all SOEs is exercised based on the coordination between the Ministry of Finance and relevant ministries. The National Assembly is involved in with the function of planning policies and supervising. Ministers employ their reputation to gain consensus of the National Assembly. Lines, policies shall be considered and adopted by the National Assembly; then experienced civil servants shall employ their professional skills to make specific decisions on each SOE.

Under the impacts of the global economic crisis, SOEs show weaknesses in their operations; their competitive power is weaker than that of private enterprises and FDI enterprises. In 2012, the project “SOE restructuring” with the focus on State economic groups, corporations” was approved. Restructuring of Vietnamese SOEs in the priority areas effectuated towards concentrating on the role, functions of State-run enterprises; SOE restructuring in the priority areas such as economic infrastructure, strategic sectors; partial restructuring, linking up with equitization and improving competitive capacity, ensuring market principles.

The process of restructuring the strategic management in Vietnam SOEs is described in the chart below:

According to Articles 25 and 27 of the Enterprise Law of Vietnam in 2005, “The Government uniformly organizes SOEs …” and “The Government uniformly organizes the exercise of the ownership of the State towards SOEs”, State management bodies comply with the Government’s devolvement of power towards SOEs”. SOEs are directly under a superior management body, or in other words, SOEs are directly under direction of ministries, People’s Committees of provinces, cities directly under the Central Government. These bodies exercise State management over SOEs under the provisions of the law or according to the Government’s devolvement of power.

Concerning the legal status, over half of the SOEs under survey were legal enterprises, one forth of private enterprises, and the rest mass companies.

Concerning the strategic planning, the research results indicate that strategic management operations of some Vietnamese SOEs are asynchronous. Most equitized enterprises gain their proactiveness and flexibility in providing their units with business development strategies. For the enterprises not yet equitized, every strategic management policy shall be decided by the governing body directly under the State. This principle of imposing from the superior has great influence on business operations, preventing enterprises from gaining their self-control and sometimes leading to the psychology of reliance on the State. That’s one of the causes of the sluggish development of a number of SOEs in...
our country at present. Most leaders of the Vietnam SOEs involved in interviews assume that State policies for the time being still intervene too deeply into enterprises’ activities, making it difficult for their leadership to make their own policies.

Concerning the human resource policy, the capacity for strategic management of human resources is the core characteristic of enterprise self-control. For each SOE, its self-control is not yet high. According to the survey results, human resource development is the issue in which enterprises have self-control more than in all others, meanwhile salary scales paid to staff deepened largely on the State’s decisions. The majority of senior managers in SOEs receive the salary scales and allowances under regulations of the Ministry of Labour, War Invalids and Social Affairs. In actual fact that staff income level in SOEs is not high leads to the failure of this sector to attract talents. The experts and leaders of Vietnam SOEs involved in interviews gave the fact that their enterprises could not attract good domestic experts to work in some professional areas was due to the unsatisfactory employment policy mechanism of the State towards staff.

Under the impacts of the global economic crisis, SOEs reveal their weaknesses due to shortage of high-quality human resources, brain drain, incompetent leadership… Solving the problem of salary and wages for staff in SOEs should not be restricted to within the powers of enterprises but needing the intervention of ministries, sectors. Our State’s policy for attracting, training and developing human resources towards the units where it is the owner should start from solving the staff income problem. Recently, the Government promulgated the Decree No. 99/2012/ND-CP dated 15/11/2012 on assigning, dissolving power to exercise the rights and obligations, duties of State owner towards SOEs and State investment capital in enterprises. That this decree is put into practice will help to delineate the functions, duties by the important leadership agencies in SOEs, contributing to solving the personnel problem in SOEs. In addition, the Decision No. 64/QĐ-BCĐCCTLBHXH dated 12/5/2015 by the Central Steering Committee was approved by Vice Prime Minister Vu Van Ninh, aiming at pay rise for civil servants and office-holders in order to further improve personnel quality, attract talents, reduce brain drain to restore and develop business performance of the State economic sector.

Concerning the financial policy, SOEs are not only totally aimed at profit but also at achieving the socio-economic targets according to State orientation. Accumulated profit to be paid to the State budget serves as an important factor for the continuous operation process of SOEs.

According to the survey results, about two thirds of SOEs could cover 90% of the expenses from goods, services operations. For the remaining SOEs, their business activities brought less revenue, and to make it possible for these SOEs to continue operating, the State had to inject certain amounts of capital from the budget. Half of the SOEs under survey answered they had to decide on their own the charges for customers, meanwhile most of the remaining SOEs when establishing and imposing charges for customers there should be the inspection and approval by State management bodies.

With respect to financial self-control, SOEs were asked about the four main issues: possibility of providing loans; possibility of shifting budget from year to year; and possibility of setting up affiliated companies. The survey results have shown that the majority of the SOEs under survey said they had the full right to shift budget between the functional sections of the enterprises. Leaders of Vietnam SOEs in interviews assumed that they could not shift budget from year to year. Under the strict supervision by the Ministry of Finance in terms of public spending, buyback of loans or setting up affiliated companies could only be approved in special cases.

The ability to generate revenue on their own is the core factor for SOEs to have their self-control instead of being dependent on the budget provided by the State. Nevertheless, only half of the SOEs under survey answered they were able maintain financial self-control. Under the impacts of the crisis, numerous SOEs operating in the areas of real estate made losses, resulting in bad debts; many groups, corporations had their overdue debts at a high level. At a press conference on audit results in 2014 held in Hanoi, the State Audit of Vietnam announced the results of auditing financial statements and activities relating to the management and use of State capital and assets in 2013 of 249 enterprises in 38 State-owned groups, corporations. Among these, many SOEs were in debt at a rather high level, particularly, Vietnam Steel Corporation owed over VND 600 billion, Hanoi Housing Development and Investment Corporation over VND 109 billion… Vietnam National Oil and Gas Group (VND 2,174 billion overdue debt); Vietnam National Shipping Lines (VND 6,681 billion); Vietnam National Coffee Corporation (VND 153 billion); Vietnam National Tea Corporation (VND 26 billion)... These figures have shown that in the use of the State budget there have been quite a lot of inadequacies, without mentioning their financial self-control ability.

Concerning the relationship between SOEs and ministries, Vietnam SOEs operate in the combined management model, the relationships between SOEs and the directly managing ministries become more official. More and more efforts have been made by ministries to standardize arrangement, report and accountability of SOEs. Activity criteria have
increasingly been important as they have given a useful insight into the issues the State should pay attention to. According to the survey results, it is the activity criteria of enterprises that reflect most clearly the service quality, resource utilization efficiency, lucrativeness and financial performance. The socio-economic impacts of SOEs haven’t been clearly shown through such criteria.

In another respect of business management, the survey results have shown that there are many ways to distribute the State budget resources applied by SOEs. Unlike enterprises in other economic sectors, in SOEs, there are no any connections between operating performance and budget distribution.

Responsibilities by boards of directors for commission, finance and law observation are the heavy ones. To fulfill their responsibilities, boards of directors have to be under very great pressure from the State and enterprises. The survey results have shown that in most SOEs, boards of directors’ efforts have mainly been concentrated on carrying out the major policies supplied by ministries and are very seldom involved in daily activities of enterprises.

4.2 Assessing Difficulties, Shortcomings in SOE Management Activities during the Crisis Period

The research results have indicated to some extent the complexity and unanimity in the strategic management bodies of Vietnam SOEs. The global financial crisis recently has forced the Government to maximize every State budget revenues, to put SOEs under the pressure of having to maximize their profits. The survey results with answers of SOE directors have revealed some shortcomings as follows:

Firstly, there is no clear distinction between the State management function and the State ownership representation function of enterprises. The State ownership representation function at present is but a function, duty of State administrative bodies, there is no clear distinction between the bodies to carry out the State ownership function and the State management function. Cadres at these bodies perform the two functions of State management and State ownership representation at the same time. Besides, the State administrative bodies have still no exclusive tools and measures to deal with issues when performing the ownership function, especially in the process of considering - analyzing - assessing - selecting - promulgating business decisions of State owner.

Secondly, the operation mechanism of corporations has still not permitted to ensure and bring into full play self-control of member enterprises. Under current regulations, in order to be in effect, manufacturing and business plans of member enterprises must be approved by corporation board of directors; purchase, sale of materials, debts of great value must be approved by boards of directors. Reality has shown that regulations as such are still perfunctory, lowly effective thereby causing delay in handling work, failing to raise the sense of dutifulness of member enterprises, difficulty in attributing responsibility in the case of losing and causing bad consequences.

Thirdly, the State has increasingly putting pressure on SOEs. Under the impacts of the economic crisis, there have been continuous deficits in the State budget since 2012 up to now, resulting in Vietnam’s unceasing loans from foreign countries; hence the rise in cost of capital, since most capital of SOEs comes from the State budget. The pressure of cost of capital and payments the State budget presents a big challenge to SOEs. In the modern reform processes of the State, boards of directors are always under the pressure of being responsible for fulfilling macro objectives set by the State and operational objectives of enterprises. In order to meet the development requirements of SOEs during the difficult period of the economy, the management capacity of managers should be ever improved.

Fourthly, activities of monitoring committees in enterprises appear to be ineffective, failing to guarantee objectivity, timeliness and proactivity. As monitoring committees are set up by boards of directors, monitoring committee members are also boards of directors members, they cannot supervises, inspect activities of board of directors, or even general directors; irrespective of the fact that this right is provided for in close 1, Article 17 of the Enterprise Law: “Monitoring committees carry out the tasks assigned by boards of directors of supervising, inspecting management activities of general directors and assisting apparatuses”.

Fifthly, the quality of State civil servants, office-holders is not high. The salary and wages mechanism of the State of Vietnam cannot compete with external enterprises, lives of civil servants, office-holders are difficult due to rocketing prices. That was why in recent time, a great number of highly qualified civil servants, office-holders have shifted to working outside the State sector in order to have higher income. Brain drain which would lead to shortage of talents in the State sector is a matter of great concern.

5. Implications of the Results

In the context of the economic crisis still having no sign of ending as at present, based on the results collected, the research proposes some solutions to improve the Government’s management capacity towards SOEs as follows:

Firstly, distinguish clearly the State’s function as owner of enterprises. Ensure business self-control in terms of strategy, finance, personnel; no direct intervention in operational activities of enterprises; provide sufficient charter capital, have
responsibility for debts and other asset obligations of enterprises. Set up bodies in charge of debts and other asset obligations of enterprises. Set up bodies in charge of carrying out the ownership representation function. Cadres of these bodies must have in-depth professional knowledge of business operations, being involved in business tasks and not in the administrative and non-productive administration sector.

Secondly, push SOE restructuring, particularly restructuring of groups, corporations towards focusing on the roles, functions of these enterprises, as well as restructuring of enterprises in the priority areas such as economic infrastructure, strategic industries, etc. in connection with improving competitive capacity of enterprises and ensuring market principles; regularize way of using subsidies and trade protection which are regarded as the core program of SOE restructuring. Subsidies and trade protection must always be accompanied by clear economic performance.

Thirdly, make preferential mechanisms; attract high-quality human resources to work in SOEs; streamline staff membership, exclude poor quality manpower, build a strong, professional workforce in SOEs; reduce brain drain. Shift from the existing mechanism for selecting, appointing managers in SOEs to the mechanism for selecting talents. This recruitment work should be in the form of signing fixed-term contract. SOE managers are entitled to the satisfactory rights and interests closely associated with their rights and obligations. Along with that, salary and wages mechanism will be closely associated with operating performance of enterprises.

Fourthly, provide mechanisms for supervising, inspecting, assessing operating performance of enterprises on the basis of publicity, transparency in the information as posted at securities market in order to reduce the state in which SOEs have the psychology of reliance on, regarding themselves as “natural children” of the State. A mechanism for strictly supervising, inspecting operations of SOEs is very essential. This task should be assigned to a body responsible for carrying out as well as reporting on the annual supervision activities to the Government.

6. Concluding Remarks

It might be possible to say that the impacts of the globe crisis on the State economic sector of Vietnam are undeniable. For Vietnam SOEs, they not only have to face the negative upheavals of the global economic crisis and the difficulties of the domestic market but also are being placed under the pressure of having to fulfill the macro objectives of the State. Despite the fact that numerous reform policies and statutory regulations have been provided with a view to improving regulations on State strategic management over SOEs, these have not actually been effective.

The economic crisis has revealed the weaknesses in the mechanism for strategic management of the State towards enterprises with investments from the State budget as well as the ineffective activities of the sector of these enterprises. Most SOEs haven’t had self-control in every respect of their activities, particularly the rights to strategic planning, salary and wages policies. Besides, due to their not high effective activities, a majority of SOEs depend largely on the State budget, having little ability to cover the operational expenses from their actual profits on their own, while self-control in terms of finance in SOEs is very limited. Shortage of high-quality human resources and brain drain in the sector of SOEs have long been problems of great concern, but there still no policies for solving these thoroughly.

Since SOEs make a substantial contribution to the State budget and at the same time serve as a tool for realizing the macro socio-economic objectives of the State, the role of State management against the background of economic crisis has become more important than ever. With their position as the center of the socialist-oriented market economy, SOEs are always the economic sector to receive considerable care from the Government. From studies of the model of SOEs in some countries and in Vietnam as well, the theory of strategic management over SOEs, the actual status of strategic management of the State towards a number of SOEs in Vietnam during the crisis period, the research makes some assessments of the results achieved as well as the shortcomings in the State management over the national economy. Such assessments will serve as grounds for proposing solutions to improve capacity for strategic management of SOEs in crisis; from that to give a significant contribution to making essential changes and prosperity of the national economy, so that we can, with steadiness and self-confidence, overcome the crisis to integrate widely and deeply into the region and the world over.

References

CIEM (2012), Restructure of state-owned enterprises, CIEM.

Decision No. 14/2011/QĐ-TTg dated 04/3/2011 by Prime Minister on promulgation of criteria, list of classification of state owned enterprises.

Decree No. 109/2007/ND-CP dated 26/6/2007 by the Government on converting enterprises with 100% State capital to joint stock companies.

Decree No. 59/2011/ND-CP dated 18/7/2011 by the Government on converting enterprises with 100% State capital to joint stock companies.
Decree No. 64/2002/ND-CP dated 16/11/2004 by the Government on converting state owned enterprises to joint stock companies.


Copyrights
Copyright for this article is retained by the author(s), with first publication rights granted to the journal.
This is an open-access article distributed under the terms and conditions of the Creative Commons Attribution license (http://creativecommons.org/licenses/by/3.0/).