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State Management of the Private Economy in Vietnam Today

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ABSTRACT: The private economy is an important driving force of the Vietnamese economy, contributing greatly to GDP growth, job creation and promoting innovation. In the context of innovation and deep international integration, the need to improve the effectiveness of state management of this sector has become urgent to ensure sustainable development, fair competition and maximize the potential of private enterprises. The article analyzes the theoretical basis and viewpoints of the Party over the periods, the current state of policies, legal framework, economic regulation and infrastructure development serving the private sector. The results show that in addition to remarkable achievements, there are still some limitations such as unsynchronized institutions, unmet infrastructure, and weak business capacity. From there, the article proposes orientations and solutions to improve institutions, improve operational efficiency, promote innovation, and create a more transparent and favorable business environment for private economic development.

KEYWORDS: private economy, state economic management, viewpoints, development orientation

1. Problem statement

In the process of innovation and deep integration, the private economic sector has increasingly affirmed its role as an important driving force of the Vietnamese economy. With its characteristics based on private ownership of means of production, the private economy has contributed significantly to GDP growth, created jobs for the majority of the workforce, and promoted innovation in many industries and fields. However, the strong development of this sector poses many new requirements for state management, especially in the context of the socialist-oriented market economy that is continuing to be perfected. Although the legal framework and policies related to the private economy have made important progress, management practices still have shortcomings such as overlapping policies, a non-transparent business environment, high legal compliance costs, and the competitiveness of private enterprises not commensurate with their potential. These shortcomings not only create barriers to the development of the private sector but also affect the goal of sustainable development of the national economy. Therefore, a comprehensive study of the theoretical basis of the private economy, the role and necessity of state management; analysis of the current state management status of this sector; and at the same time, proposing solutions to improve it in the direction of development creation is an urgent requirement. The research results contribute to providing scientific arguments for state management innovation, improving the operational efficiency of the private economic sector and promoting economic growth in the new context.

2. THEORETICAL BASIS

2.1. Private economy and the role of private economy in the national economy

Private economy is a component of a country's economy, formed and developed based on private ownership of means of production, including non-state enterprises, making an important contribution to the country's GDP. According to Do Phu Tran Tinh and Nguyen Van Nen (2025), the private economy includes the economy of individuals, smallholders and private capitalist economies operating in the form of individual businesses and types of private enterprises and is the driving force of the economy. In addition, according to Tran Van Mong (2025), the private economy operates according to market principles with the goal of maximizing profits and its components include enterprises with less than 50% state capital. The above observations show that the private economy is a part of a country's economy, formed on the basis of private ownership of means of production, operating for profit under state management. The private economy plays a very important role in creating jobs and increasing income in countries as well as promoting innovation, improving labor productivity, expanding markets and reducing the burden on the state budget. Private economic development belongs to the quartet of national development strategies in the new situation, along with the strategies: (i) breakthrough in science and technology development, innovation and national digital transformation; (ii) streamlining the organization of the political system; (ii) international integration in the new situation (Ngoc An, 2025). The private economy not only helps expand production, trade and services but also contributes significantly to improving labor productivity, promoting innovation and increasing national competitiveness. The strong rise of many Vietnamese private enterprises not only dominates the domestic market but also affirms its brand in the international market (To Lam, 2025).

Thus, it can be understood that the private economy is a component that makes up the economy of a country, based on the form of private ownership of means of production, including individuals, smallholders and non-state enterprises; playing an important role in the economic and social development of a country.

2.2. State management of the private economy and the need for state management of the private economy, especially in the context of innovation

State management of the private economy is a form of management in which the state is the subject, oriented, and controlled to achieve socio-economic goals in historical periods (Phan Huy Duong, 2017). According to Pham Thi Hong Diep (2024), state economic management is the impact of the state on a basic and fundamental field of society - the economic field. The management field is the economic field, specifically the material production field of society. From there, it can be seen that state economic management is the organized and purposeful impact of the state on economic activities to effectively use potential, economic resources, and opportunities to achieve the immediate and long-term goals of the economy. The private economy, as a component of the national economy, should state economic management include state management of the private economy; with the aim of creating a legal corridor as well as a mechanism for the private economy to develop and promote a positive role in the national economy. In the context of innovation and deep international integration, the private economic sector operates in a volatile environment and is strongly affected by the globalization process, digital transformation and international competition. In particular, in the current innovation period, state management needs to be understood in the direction of "development creation" rather than just administrative control. The State must be both an "arbitrator" to ensure fairness and a "guide" to promote private enterprises to develop sustainably through institutional reform, simplifying administrative procedures and supporting innovation (World Bank, 2023) as well as associated with protecting public interests, preventing market risks and overcoming inequalities in income distribution. Therefore, the State's management role is indispensable to orient, regulate and ensure that the private economy develops in harmony with the country's socio-economic goals. Thus, in the context of comprehensive economic innovation, state management of the private sector is not only to maintain economic order but also to be a driving force for development, contributing to the realization of the goal of a rich people, a strong country, democracy, fairness and civilization.

3. State management of the private economy in Vietnam today

3.1. Viewpoints and orientations for private economic development through the periods

From the 6th Congress: The Party oriented the thinking of developing the private economy in Vietnam to be closely linked to the thinking of developing a multi-sector economy and clearly stated: "It is necessary to amend, supplement and widely publicize consistent policies for economic sectors...". Then, at the 7th Congress, the Party put forward a clearer view on encouraging and creating conditions for the development of the private economy. That is: "The private economy is developed, especially in the production sector, under the management and guidance of the State" and "The private capitalist economy is developed without restrictions on scale and area of operation in industries and occupations that are not prohibited by law". The 8th Congress continued to affirm that "all domestic and foreign enterprises and individuals are encouraged to exploit potentials, make every effort to invest in development, do business with peace of mind, long-term, legally, and beneficial to the national economy and people's livelihood, and treat all economic sectors equally before the law, regardless of ownership and form of business organization." The 9th Congress affirmed that the private capitalist economy is an economic sector with an important long-term position in the socialist-oriented market economy; At the same time, continue to innovate mechanisms and policies, encourage and facilitate the development of the private economy”,

At the 10th Congress, our Party continued to clearly identify the position and development orientation of the main economic sectors. In which, the private economy is an indispensable component, plays an important role and is one of the driving forces of the economy. At the 11th Congress, we continued to advocate perfecting mechanisms and policies to innovate the growth model, restructure the economy, improve the investment and business environment, apply diverse and attractive forms of investment attraction to mobilize and effectively use all resources of economic sectors, promote the formation of private economic groups, and encourage the private sector to contribute capital to state economic groups. At the 12th Congress, on the basis of affirming that the private economy is an important driving force of the economy, our Party emphasized: “Completing mechanisms and policies to encourage and facilitate the strong development of the private economy in most sectors and economic sector, becoming an important driving force of the economy. Perfecting policies to support the development of small and medium-sized enterprises and start-ups. Encouraging the formation of multi-ownership private economic groups and private capital contribution to state economic groups".

At the 13th National Congress, our Party continued to affirm: "The private economy is encouraged to develop in all sectors and fields that are not prohibited by law, and is supported to develop into strong, highly competitive private economic companies and groups. Encouraging private enterprises to cooperate and associate with state enterprises, cooperatives, and household economies; develop joint stock companies with the broad participation of social entities, especially workers”.

State Management of the Private Economy in Vietnam Today

Through each congress, the importance of the private economy in the national economy has been comprehensively and critically assessed, thereby giving the guiding viewpoint of creating all conditions to promote the private economy to develop commensurately in the process of building a socialist-oriented market economy in our country as well as promoting the positive role in social development of this economic sector.

3.2. Current status of state management of the private economy

State management of the private economy includes building a legal framework and policies to support business development, regulating the market, managing finance, taxes, and investment, as well as focusing on developing a strong and patriotic team of entrepreneurs. The State uses management methods such as policy making, economic management, market management, currency, taxes, and investment to achieve economic development goals. Specifically:

3.2.1. Building a legal framework and policies and a business environment to support the development of private enterprises

This is the core content in private economic management through the promulgation of legal regulations, rules and guidelines to regulate a specific field, to control risks, create a healthy business environment, promote economic development and protect the legitimate rights of organizations and individuals participating in the market. The Party and the State have issued many important resolutions, laws and policies that have created a legal foundation and a synchronous support mechanism to encourage, protect and enhance the competitiveness of private enterprises such as: Resolution No. 10-NQ/TW marked a turning point when it first affirmed that the private economy is an important driving force of the socialist-oriented market economy, while emphasizing the task of removing barriers, discrimination and promoting the development of all types of enterprises. Continuing that spirit, Resolution No. 68-NQ/TW continues to raise the level of orientation, considering the private economy as the driving force for development, thereby proposing breakthrough mechanisms and policies to promote innovation, improve production and business efficiency and international integration. At the same time, the National Assembly issued Resolution 198/2025/QH15 on special mechanisms and policies to support this sector, focusing on recovery after difficulties, improving access to capital and credit and encouraging the application of science and technology. In addition, specialized laws such as the Enterprise Law 2020 and the Law on Support for Small and Medium Enterprises 2017 have completed the legal framework, ensuring equal rights, while providing practical support policies on finance, accounting, training and market connection. In addition, Directive 10/CT-TTg of the Prime Minister focuses on improving the effectiveness of supporting small and medium enterprises, helping to improve access to capital, technology and markets. In addition, Resolution 158/2024/QH15 provides solutions to recover, adapt and develop enterprises after a difficult period, especially in terms of tax and credit. Resolution 41-NQ/TW emphasizes building a team of Vietnamese entrepreneurs with courage, responsibility and intelligence, considering this the core of the private sector. Finally, Decision 843/QD-TTg of the Prime Minister encourages responsible business, sustainable development and improving international competitiveness.

Thus, through the synchronization of political orientation and legal institutions, the State has demonstrated strong determination in creating a transparent, fair and favorable business environment, creating a foundation for the private economy to develop into a pillar of the national economy. These policies demonstrate the State's increasing interest in the private economic sector, considering it a strategic driving force in national development.

3.2.2. Building economic infrastructure

Economic infrastructure is an important foundation to promote production development, goods circulation and enhance the competitiveness of the private economic sector. Investing in the development of synchronous and modern infrastructure not only helps reduce logistics costs, but also creates conditions for private enterprises to expand their scale and participate more deeply in the global supply chain. During the period 2010-2017, the total Official Development Assistance (ODA) capital received for infrastructure construction accounted for 53% (OECD, 2019). In recent years, Vietnam has focused on investing in the development of transport, especially the road system, airports and seaports. Investment from the public and private sectors in infrastructure in Vietnam reached 5.7% of GDP in recent years, the highest in Southeast Asia and the second highest in Asia, after China (6.8% of GDP). The accelerated development of infrastructure, on the one hand, meets the requirements of investment projects; on the other hand, it helps promote economic growth and create more jobs. Moreover, the rapid urbanization in Vietnam is also a strong driving force for the development of transport and utilities. With an estimated 50% of the population currently living in large cities, the population growth has exceeded the capacity of existing connection systems and utilities (OpenDevelopment Vietnam, 2022).

Recently, the Vietnamese Government has approved a plan to spend 43-65 billion USD to build and upgrade transport infrastructure for roads, railways, inland waterways, seaways and airways in the period 2021-2030. In addition, the Government also issued the Law on Investment under the Public-Private Partnership model in 2020 to support and regulate private investment to increase the scale of infrastructure upgrades, especially in the fields of transportation, electricity grid and power plants. This move is aimed at attracting more private investment to reduce the burden on public debt and the country's fiscal policy (Vu Diep, 2021).

3.2.3. Economic regulation

Economic regulation is the core function of the State to maintain macroeconomic stability, overcome market failures and create favorable conditions for the development of the private economic sector. In a socialist-oriented market economy, the State does not directly intervene in the administrative activities of enterprises but mainly manages through fiscal, monetary and tax policy tools. According to the State Bank of Vietnam (2024), by the end of 2023, total outstanding credit for the private sector accounted for 130% of GDP, reflecting the strong support of monetary policy for this sector. Average credit growth reached 13-14%/year, focusing mainly on processing, manufacturing and service industries. At the same time, the expansionary fiscal policy, with public investment disbursement reaching 95% of the plan, has contributed to stimulating domestic demand, reducing inflationary pressure and creating spillover effects for the private sector (Ministry of Planning and Investment, 2024). In addition, with the application of effective monetary policy to ensure a stable monetary market, exchange rates fluctuate flexibly in accordance with market conditions: the average lending interest rate in August 2025 decreased by about 0.6% compared to the end of 202; the average interbank exchange rate increased by 3.45% compared to the end of the previous year; outstanding credit balance of the whole economy reached 17.46 million billion VND, up 11.82% compared to the end of 2024. Credit programs and policies under the direction of the Government and the Prime Minister continue to be implemented drastically and effectively by credit institutions, thereby providing timely capital to the economy.

4. ASSESSMENT

4.1. Achievements

In recent times, state management of the private economic sector in Vietnam has achieved many important results, contributing to affirming the role of this sector as a strategic driving force in the socialist-oriented market economy. First of all, the legal and policy framework has been increasingly improved, creating an equal environment among economic sectors through the Enterprise Law, Investment Law and resolutions on private sector development. In addition, planning, development plans and infrastructure investment have been focused on, helping to increase the proportion of private investment to 65% of total social investment capital (General Statistics Office of Vietnam, 2024). Promoting public investment and public-private partnership has created a spillover momentum, promoting regional connectivity and reducing logistics costs.

Regarding economic regulation, the State has implemented flexible fiscal and monetary policies, controlled inflation and supported credit growth for the private sector, with outstanding credit reaching 130% of GDP in 2024. Administrative reform, inspection and digital transformation in business supervision have also made important progress, reducing the number of duplicate inspections by 25%. In particular, the investment and business environment continues to improve, as Vietnam moves up 10 places in the global business environment rankings, thereby strengthening confidence and encouraging the private sector to develop strongly, contributing more than 51% of the national GDP (World Bank, 2023).

4.2. Existing limitations

Despite many positive results, state management of the private economic sector in Vietnam still has many limitations and challenges. First of all, the institutional and policy framework still lacks consistency and overlaps, especially in the areas of "conditional business", land and public investment, causing difficulties for businesses in implementation. Although the legal system has been continuously amended, the speed of implementation at the local level is still slow, leading to a gap between policy and practice.

Second, the investment and competition environment is not really transparent, and informal costs are still a big burden for small and medium-sized enterprises. According to PAPI 2023, up to 29% of enterprises reported that there were still unregulated costs during the inspection and examination process (UNDP, 2024). In addition, the management capacity and technological innovation of private enterprises are still weak; Labor productivity is only 60–65% of the FDI sector, limiting the ability to participate in the global value chain (Asian Development Bank, 2024).

Third, in addition to the positive results achieved, the regulatory role of the State still has limitations such as many policies are not synchronized, overlapping, and inconsistent between levels and sectors; some regulations have not kept up with the fast-paced market operations; management capacity in some localities is still weak, policy response is slow, inflexible and not based on quantitative forecast analysis; some cases are still heavily administrative, inflexible, causing obstacles for businesses and investors.

Finally, decentralization and coordination between levels of government in implementing economic policies are still ineffective. Some localities still have a situation of “asking - giving”, local planning and uneven investment incentives, reducing the overall competitiveness of the economy (World Bank, 2023). This shows the urgent need to continue perfecting institutions, enhancing management capacity and improving transparency, in order to fully exploit the potential of the private economic sector in the new development stage.

5. Orientation and solutions to improve the effectiveness of state management of the private economy

In the new development stage, Vietnam needs to continue to improve the role of the State in the direction of creating development, instead of just operating and controlling.

First of all, it is necessary to improve the socialist-oriented market economic institution in a synchronous, transparent and stable direction, ensuring equal rights among economic sectors. The State needs to speed up the process of amending and supplementing relevant laws such as the Enterprise Law, Investment Law, Land Law and guiding documents, while reducing business conditions and legal compliance costs.

Second, it is necessary to strengthen decentralization and reasonable delegation of power between the central and local levels, associated with a transparent monitoring mechanism to avoid the situation of "asking - giving". The application of e-government and open data in business management will contribute to minimizing administrative intervention, limiting harassment and improving the effectiveness of public administration. At the same time, the State should promote the role of public-private strategic partnerships (PPP) in infrastructure development, green energy and innovation, thereby mobilizing social resources for development investment.
Third, it is necessary to focus on developing high-quality human resources and improving labor productivity in the private sector. The Government should implement digital skills training programs, business governance, and support small and medium-sized enterprises (SMEs) to access technology, green credit, and innovation funds.
Finally, the State needs to maintain macroeconomic stability, flexibly manage fiscal and monetary policies, and ensure fair competition. Only when the private sector is developed in a transparent, effective and sustainable institutional environment can the goal of making the private economy a key driving force of the national economy be realized.

6. CONCLUSION

The private economy is increasingly playing a key role in the socialist-oriented market economy in Vietnam, making an important contribution to GDP growth, job creation and promoting innovation. In the context of innovation and deep integration, state management of the private economy is not only about maintaining economic stability and order, but also has a constructive meaning to promote sustainable development. The positive results in recent times show that the legal system, policies and investment - business environment are gradually being improved, creating conditions for private enterprises to promote their role as the driving force of the economy. However, there are still some limitations such as overlapping institutions, unsynchronized policy implementation, a non-transparent competitive environment and weak corporate governance capacity. Therefore, in the coming period, it is necessary to continue to improve institutions, improve operational efficiency in the direction of creation, promote public-private cooperation and develop high-quality human resources. Only when a modern, transparent and synchronous management system is established, can the private economic sector fully develop its potential and make a strong contribution to the country's sustainable development goals.

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