

**V**ietnamese people are increasingly realizing that the wealth of a nation in the globalization and economic integration trends is based on the wealth of businesses. From this viewpoint, we see that the value of businesses and businesspersons is measured by their performance, competitiveness and market shares they control, using quality and price of their goods and services, in the globalized economy, not by praise or awards they receive. Thus, the strength of a business means a lot not only to its own interests, but also to those of the community, consumers and the wealth and progress of a nation as well.

When the economic integration and globalization prevail everywhere, the demand for quicker liberation of trade and economic activities posed by trade agreements signed by the Government becomes a greater challenge to Vietnam.

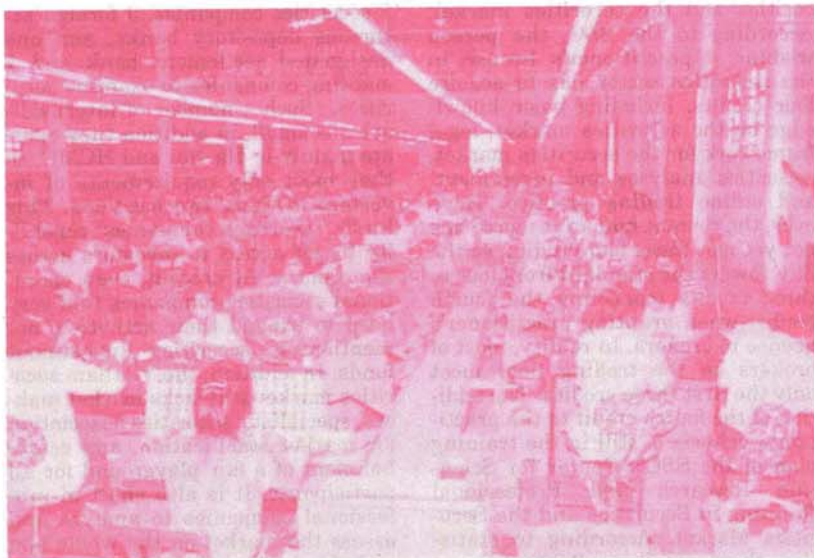
As a member of the AFTA, Vietnam has to reduce its tariff to the 0-5% bracket by 2006 and to 0% by 2015. By 2020, as a member of the APEC, Vietnam has to ensure the free trade by removing all tariff barriers and liberalize many economic fields. To understand what the 0-5% tariff bracket means to our economy, we should be aware that Vietnamese tariffs are still high (the highest rate is 60%) and revenues from tariff account for some 40% of the national budget income. This source of revenue will be cut in five to 15 years. Nothing could replace it but income and profits taxes. And it's businesses, both private and state-owned ones, that pay most of these taxes.

A healthy market economy without strong businesses is inconceivable, and there will be no strong businesses without smart businesspersons with entrepreneurial spirit who can develop their activities and bridge the gap between the domestic and foreign economies.

Let's have a look at a fact: developments of the Vietnamese economy in the past few years show that when exports rose by 3%, the GDP rose by 1%. This means that an annual increase of 25% in exports is a precondition for an average growth rate of 7% or 8%. It follows that the export earnings should increase by 87 times by 2020 to make Vietnam an industrialized country as planned by the state. Nobody but businesspersons and companies should shoulder the burden of export promotion. But not all people are aware of this reality.

The sociological survey conducted within the framework of the

project "To Change the View on Market and Business" directed by Prof. Đào Xuân Sâm has revealed that 57.5% of respondents thought that Vietnam would face more opportunities than difficulties when opening its door and integrating into the world economy while 13.4% thought there would be too many risks. Respondents under thirty were even more optimistic: they were divided into two groups; 61.3% and 11% respectively.



# BUSINESS AND BUSINESSPERSONS

by Prof. TƯỜNG LAI

Their optimism and calmness are good because all fears will lead to damage. I am, however, of the opinion that the public aren't provided with information needed for their participation in economic activities. The shortage of information, and all forms of the obscurantism, will lead to wrong concepts and practices. The following fact shows that the said optimism and calmness is without foundation: 90% of respondents who are university students in Hà Nội said that if they had US\$1,000 they would put in their saving accounts instead of making any investment.

Perhaps they know nothing about business but I think they have no courage to take risk because it isn't something everybody could accept. Another reason is that the business

environment isn't favorable enough and most people have wrong concepts of business and businesspersons.

The situation is much worse than expected when many high ranking officials didn't understand the role of businesspersons who shoulder the burden of economic development. These officials are affected by a traditional concept which puts trade and traders at the lowest rung of the value scale, and many of them even

considered traders as persons who should be re-educated when the socialist revolution is carried out.

At the current stage of development, there is a division of opinion although a common trend is taking shape. One of remarkable changes is found in the traditional set of values which divided the society into four classes in order of respectability: intellectuals, peasants, manufacturers and traders. This change is worth considering because it induced us to take a new attitude towards the social class that was produced by the economic reform. The following are some data supplied by the said survey.

Answering the question of future occupations, 36.7% of respondents said they wanted to be traders; 30%



for intellectuals; 24.9% for manufacturers and 8.3% for peasants. The number of respondents choosing future occupation as traders among under-thirties was higher than that of under-forties: 341 out of 845, or 40.4%, in comparison with 484 out of 1,411 under-forties, or 34.3%. Being free from historical burdens, the young is giving new life to the economic activity that is considered as the most important. Results of the survey "Entrepreneurial Spirit" conducted by the Central Institute of Economic Management in cooperation with the Japanese JICA within the Project Ishikawa 2000 of 481 private companies show that most managers were younger than their counterparts in state-owned companies: 4.7% of them are in the 19-29 age bracket; 62.1% in the 30-49 bracket;

groups: civil servants; businesspersons; students and others. Only the second group wanted their children to be businesspersons (33.9%) and other three groups, especially the third and fourth ones, still hoped that their children would become civil servants (figures for those three groups were 34.7%; 32.1% and 28.9% respectively).

This fact is easy to explain because 78.4% of respondents thought the business environment hadn't been favorable for the private sector yet. When asked how much the legacy of the centrally planned mechanism affected the present business climate, 88.2% of respondents thought there were some effects; and 22.5% said these effects were very strong. Answering the question of the cause of this situation, 37.8% of respondents

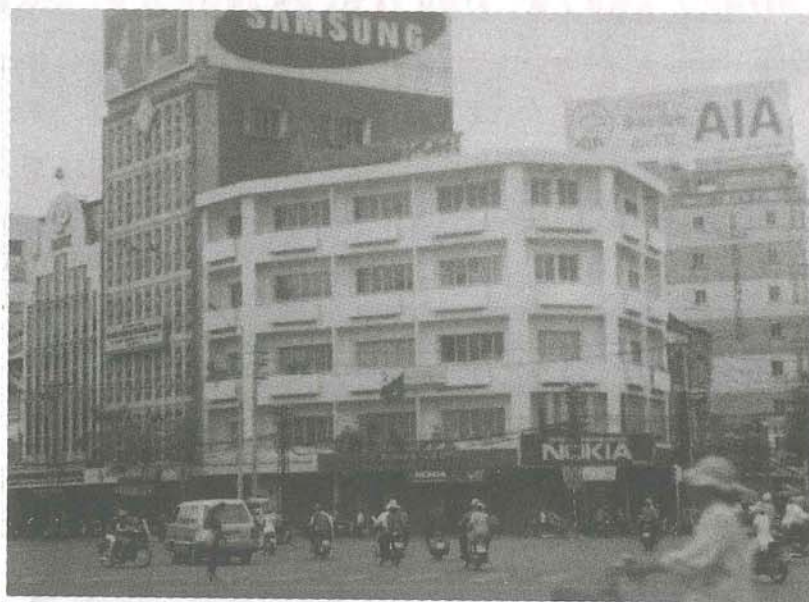
development of all businesses.

The survey conducted by the Ishikawa 2000 also produced many interesting results:

- Most surveyed businesspersons have left the public sector for the private one: 11.2% from the armed forces; 24.9% from state-owned companies; 20.0% from the administrative machinery; and only 16.6% had worked for privately-run companies.

- Over 40% of surveyed businesspersons said there was at least one VCP member in his/her family.

- Answering the question of what their motivation was, 41.4% of surveyed businesspersons said they wanted to "do something good for the community"; 23.7% wanted to "decide their work and life by themselves"; 13.5% wanted to "reach their full potential"; and only 9.7% thought of



24.7% in the 50-60 bracket and 8.4% in their sixties.

When asked what they think of impact of the market economy on the living standard, 76% of respondents said they experienced better living conditions, more commodities and more confidence. What is more remarkable is the fact that most civil servants and wage earners, instead of the young, believed that the market economy made the life easier. It's nothing to be surprised about because most of them had experienced hard time under the centrally planned economy.

While positions of business and businesspersons, along with the living standard, are improved, effects of the subsidizing mechanism are still remarkable. The Project Ishikawa 2000 conducted a poll among four

said it was because the government wasn't good and strong enough; 27.4% thought the market economy in Vietnam was just in its first stage of development and 25% attributed this situation to the lack of a perfect system of laws. Thus, 62.8% of respondents thought the government is responsible for the poor business climate because the lack of a perfect system of laws also originated from the incompetent government. Perhaps this poor business climate has made 68.3% of businesspersons interviewed by the Project Ishikawa 2000 want to expand their business step by step, as compared with 14% who wanted to develop their business to the maximum.

Obviously, reforms in the administrative machinery and legal infrastructure are preconditions for the

"making more money."

Of course, all answers only reflect personal opinions and views but sociological surveys are worth studying because they can help us draw some conclusions to discover a new common trend. And what is the new trend we have found? It's the appearance of an army of new businesspersons with full sense of responsibility towards society after the economic reform was launched.

As a product of the market economy, this army had both good qualities of the new society and old shortcomings that the society is struggling against. The task for the society now is to develop them into cooperating partners to foreign investors and dynamics of economic integration and competition ■