



IMPROVING QUALITY OF BUSINESS SUPPORT SERVICE IN THAI NGUYEN DEPARTMENT OF PLANNING AND INVESTMENT

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Abstract

The public sector has an irreplaceable role in promoting the economic development of the private sector and the efficient market, especially for the Asian market. The Central and Eastern Europe experience suggests that business support infrastructure, financial support, legal and institutional frameworks, and economic network relationships play an important role in the development of enterprise. Thai Nguyen is a "major economic center" of the North in particular and Vietnam in general both. However, there are only about 15% of enterprises using support services of Thai Nguyen Department of Planning and Investment. Hence, enhancing the quality of business support services in Thai Nguyen city is a very urgent mission, and the local government needs to consider it seriously. With this point of view, the paper proposes a system of a set of criteria to evaluate the quality of business support service. Base on these indicators, the paper took a survey and collected enterprises' evaluations on the quality of business support services. As a result, the study discovered strong and weak points of business support



service quality in Thai Nguyen Department of Planning and Investment. Further, the paper used a multivariate regression equation to determine factors affecting the quality of business support service of Thai Nguyen Department of Planning and Investment. Based on the results, the study suggests valuable and meaningful referential recommendations to build policies, appropriate changes in order to support more effective for their enterprises.

Keywords: Service Quality, Business Support Service, Developmental Policy

INTRODUCTION

International experience shows that the reduction of government ownership and control over business activities, infrastructure and financial support, legal and institutional frameworks, and business networks are important factors to promote business development (Katz, 1995; Assaf, 1998; Konopielko and Bell, 1997; McIntyre, 2002). The public sector plays an important role in promoting the dynamism of the private sector and improving market efficiency. In particular, the government and market coordination factors need to work together to create the most favorable conditions and promote the sustainable development of the private sector.

However, the support policies for small and medium enterprises are not the same among countries, especially between developed and developing countries. There are many reasons for this difference, including some important causes such as differences in business context, culture and the degree of industrialization. Experience from the Middle East and European countries shows that infrastructure, financial support policies, legal and institutional frameworks, and reciprocal relationships play an important role in promoting business development. According to Batra and Mahmood (2003), small and medium enterprises in developing countries in East Asia tend to receive support from local governments in the form of microfinance assistance, training human resources for the private sector, supporting technology development and providing market information. In particular, China, Malaysia, Indonesia and Thailand have benefited greatly from policy reforms, network relationships, market linkages and infrastructure support (Brimble, Oldfield and Monsakul, 2002; Harvie, 2001; Tambunan 2005; and Harvie, 2002). In Vietnam, due to limited resources, support for businesses is focused on the creation of favorable policies.

Thai Nguyen is the third largest city of Vietnam beside Ha Noi and Ho Chi Minh City with population of over 2 million people. Thai Nguyen is a "major economic center" of the North in particular and Vietnam in general both. Thai Nguyen has northern Vietnam's most important seaport and has many industrial parks invested by multinational corporations. In 2015, total revenues of the city reached 56.288 billion. In the ranking of the Provincial Competitiveness Index (PCI) 2013 of Vietnam, Thai Nguyen city ranked at No. 15/63 provinces. Thai Nguyen has

relationship of trading goods with more than 40 countries and territories around the world. Thai Nguyen city has 27.211 enterprises, of which 95% are small and medium enterprises, and 22,500 enterprises is active.

In 2012 - 2015, the enterprises of Thai Nguyen city faced many difficulties and challenges: high inventory, the purchasing power of people reduce, limited in access capital. Many enterprises dissolved and shrinking production or closing tax identification numbers. Only about 15% of enterprises using support services of Thai Nguyen Department of Planning and Investment. Hence, this study is needed for improving the service quality of support service for enterprise in the process Viet Nam is integrating with the world economy.

LITERATURE REVIEW

Several authors have defined service quality in a different way. Following some defined about service quality will be present clear idea about service quality concept.

According to Brotherton and Wood (2008, 316) the first statement about the quality's excellence accentuates the idea that in reality service quality is "highly subjective and difficult to measure". The second definition reflects an approach that customers compare the quality of services with the amount of money they have spent on it in order to evaluate perceptible value of the quality. The final determination regards quality in relation to customer's expectations. This statement that quality is "meeting or exceeding expectations" is the most relevant and consumer-friendly one as quality is defined from the consumer's point of view.

In addition, according to Brotherton and Wood (2008, 317) made the findings that the service quality should be determined as "the consumer's subjective assessment of the performance".

Theoretical approach

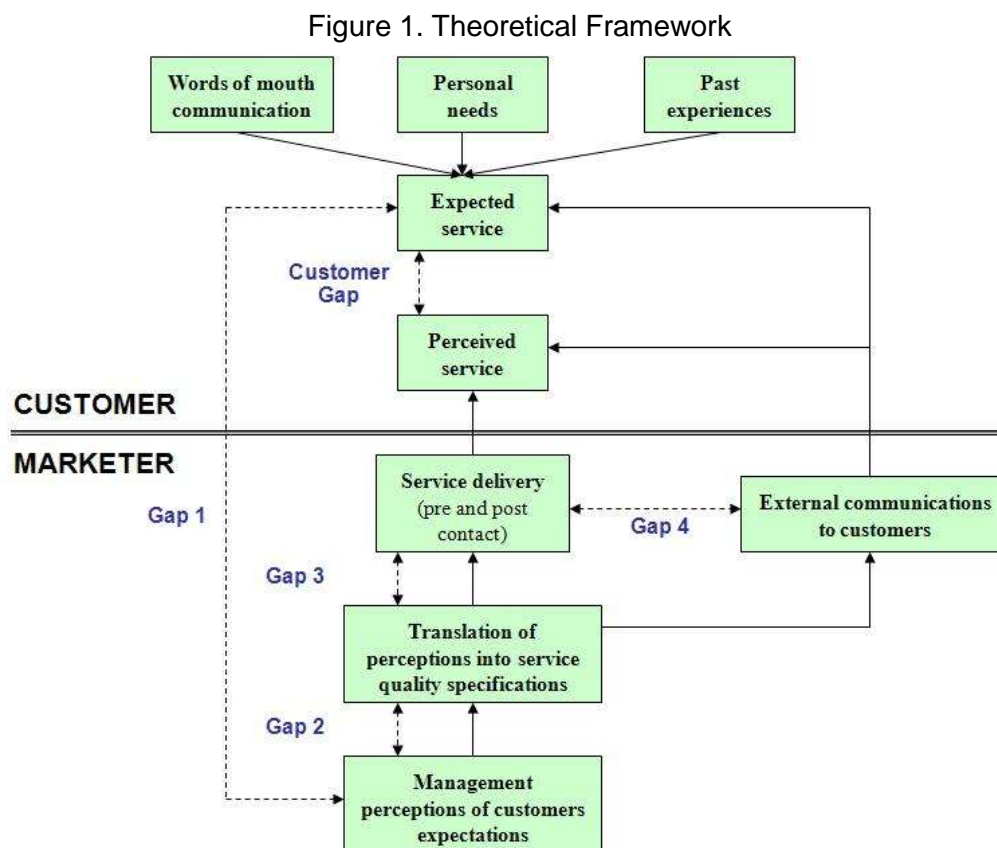
Lemon theories can be used as foundation of this study. This theory was proposed and developed by economist George Akerlof. It analyzes the situation of information asymmetry occurring between seller and buyer, in which the seller understands and has more product information than the buyer. A lemon is an American slang term that refers to a situation where a product is found to be defective after it has been purchased. In 2001, Akerlof, Michael Spence and Joseph Stiglitz jointly received the Nobel Prize in Economics for their research related to asymmetric information. Analyzing the example from the used car market, this theory emphasizes quality uncertainty. Accordingly, owners of good cars should not place their cars in the used car market due to the heterogeneity of quality leading to value deviations. This problem is also considered as "the bad driving out the good" in the market.

SERVQUAL model was introduced in 1985 by Zeithaml, Parasuraman and Berry and constituted ten service quality dimensions, such as reliability, responsiveness, competence, access, courtesy, communication, credibility, security, understanding the customer and tangibles. But these ten dimensions were found to be highly duplicated and, in this connection, were reduced to five main dimensions:

- Reliability (to grant the promised services).
- Assurance (politeness and expert knowledge of employees and capability to set trusting relationships)
- Tangibles (perception of physical facilities, equipment, personnel appearance)
- Empathy (personal contacts with the customers including communication, accessibility and awareness)
- Responsiveness (willingness of employees to help their customers and provide them with no-delay services)

SERVQUAL model is easy to use for qualitative analysis and evaluation of customers' experiences of the derived services. This model is widely used by different organizations in order to reveal the differences between the granted and expected services (Grönroos 2000, 76).

The following figure represents the conceptual model of service quality which goal is to estimate the customers' realization and perception towards the service quality:



Each gap area of SERVQUAL model of service quality influences on the final assessment of service quality:

- Customer Gap defines the differences between the customers' expectations and requirements and their personal experience of the perceived services
- Gap 1 demonstrates the differences between the customers' needs and expectations and the managers thoughts concerning the customers' demands
- Gap 2 reflects the necessity of managers' awareness about the service standards for the customers
- Gap 3 represents the customers' experience of the service performance
- Gap 4 expresses the possible situation when obligations don't agree with the actual service performance

Empirical evidences

Liu Zhichao and Zhang Xiaojuan (2013) argued that in maintaining social stability and promoting local economic development, particularly in the settlement of labor employment, SMEs (Small and Medium Enterprises) plays an important role. This article introduces the system of government procurement in support of SMEs in international developed countries first, then analyse the system of government procurement in support of SMEs in China and the problems existed, finally , the writer give some suggestions from the government procurement system view to solve these problems. The result of study as follows: The Establishment of a support system for SMEs to participate in government procurement provides guidance for SMEs, but whether it is compared with developed countries, or in practice of supporting participation of SMEs in government procurement, the support of government procurement to SMEs is limited, and there are still some problems. We should learn from the experience of developed countries, and conscientiously sum up our problems in government procurement supporting for SMEs. On the basis of this, Chinese government procurement system should be improved further, by the establishment of a set of integrated framework for government procurement system including laws and regulations, management institutions of SMEs, government procurement supervision and management institutions for SMEs, service organization for SMEs, information resources and financial resources. Then the interests of small and medium enterprises be protected and the development of SMEs be supported, so as to improve living standards and ensure the development of national economy be rapid, healthy and sustainable.

Caio et al. (2016) reviewed the evidence to reflect the impact of SME support services in LMIC. The study is based on a number of indicators, including business performance index (turnover, profitability and labor productivity), job creation and labor productivity. The authors

found 40 studies that use rigorous evaluation methods to determine the effectiveness of business support measures for small and medium-sized businesses. This study looked at a lot of results related to the company's performance such as profitability, revenue, revenue, assets,...The authors have developed an index called "brand". company performance "to reflect the impact of external interventions on the business results of the business. Besides, the authors also expanded the evaluation results in the report. General analysis shows that the government's support measures for small and medium enterprises have a positive impact on the company's performance indicators as well as create more jobs, labor productivity, and exports. Export and investment. Specifically, estimates indicate that aggregated estimates show a 21.8% effect on firms' performance, 9% on job creation and 8.9% on productivity. However, there was significant heterogeneity of effects in the studies that the authors analyzed.

METHODOLOGY

This study used both the descriptive and correlation methods of research. It was the appropriate method in collecting data and processing and analyzing data on the customers (the enterprises) of Thai Nguyen Department of Planning and Investment. The main goal of this type of research was to describe the data and characteristics about what is being studied. The idea behind this type of research was to study frequencies, averages, and other statistical calculations.

These methods also were designed to discuss the relationships between variables, the testing of hypotheses, and the development of generalizations, principles, or theories that have universal validity. It also described the nature of the situation, as it existed at the time of the study and to explore the causes of such particular phenomena.

The main instrument used in the study was the questionnaire checklist. It consisted two parts. Part one was the profile of the respondents in terms of types of business, line of business, working years of company, and number of employees. Part two was the respondent's perception in term of tangible aspects, confidence, satisfaction, guarantee and empathy.

Since Thai Nguyen has 22,500 enterprises in active, the study used Slovin's formula to calculate the sample size. After calculation, the needed number of respondents were 394. The paper conducted a survey with 394 enterprise by random sampling technique.

Likert method was used to evaluate perception of respondents of Thai Nguyen Department of Planning and Investment in term of (5-point scale) tangible aspects, confidence, satisfaction, guarantee and empathy. The statistical data was counted by score gathered and percentage.

Table 1. Likert 5-scale

Scale	Range	Evaluation
5	4.20 - 5.0	Excellent / Strongly Agree
4	3.20 - 4.19	Good / Agree
3	2.60 - 3.19	Average / Neither Agree or Disagree
2	1.80 - 2.59	Poor / Disagree
1	1.0 - 1.79	Weak / Strongly Disagree

A researcher-made questionnaire was prepared and used in gathering information from the respondents. The prepared questionnaire was subjects to evaluation of experts in the field of business management. Then it was tested to ten respondents who was form part of the research respondents. After the questionnaire was tested and improved, it delivered to the respondents.

The filled-up questionnaires were gathered and reviewed for completeness and consistency. Then a number code was assigned to each reviewed questionnaire for analysis. The gathered data was encoded in the computer using SPSS, statistical software appropriate for this type of research.

Descriptive analysis was used to analyze basic indexes, including mean, frequency, maximum point, minimum point, range of variables, ANOVA analysis. Cronbach's alpha was used to test reliability of variables. Also, regression analysis was used to determine factors affecting business support service.

FINDINGS AND DISCUSSIONS

Profile of respondents

The majority of the respondents in Types of business group covering 31.7% are Joint-stock company, followed is Limited Liability Company with 29.4%. The FDI with 23.3 and private company only covering 15.6%.

The line of business has only 8.8% having construction. The highest percentage of respondents is Industry and production with 41.8%, followed is service with 26.3 and agriculture, fishing and forestry with 23.1%

In the working years of company group, the highest percentage of respondents in the working years of company is 5 -10 years with 32.8%. The company has working years are 10 - 15 years covering 28.4%. The company has working years are less than 5 years covering 23.1%. Only 15.7% are company has working years more than 15 years.

In the numbers of employee group, the company has more than 500 employees covering 43.1%. The company has 100 – 300 employee covering 24.8%. And the company has number of employee less than 100 person and 300 – 500 employee covering 10% and 22.1%.

Cronbach's Alpha estimation

Table 2. Test of Reliability

Variable	Cronbach's Alpha
Tangibles	0.764
Confidences	0.764
Satisfaction	0.812
Guarantee	0.712
Empathy	0.800

According to the results, Cronbach's alpha coefficient of tangible aspects, confidence, satisfaction, guarantee, empathy and service quality factor are acceptable (Cronbach's alpha coefficient more than 0.6). Besides, corrected item-total correlation of all factors are greater than 0.3, so all factors can be retained.

Inferential Analysis

Regression analysis will be carried out with 5 independent variables: tangible aspects, confidence, satisfaction, guarantee, and empathy and 1 dependent variable is: Quality of Business Support Services. The value of each element is used to run a regression of the average values of the observed variables. The analysis is done by the Enter method.

Table 3. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.817	0.867	0.742	0.517

Table 4. ANOVA of the model

Model	Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	89.38	5	17.88	178.8	0.000
	Residual	38.61	388	0.10		
	Total	127.99	393			

Table 5. Empirical Results

Coefficients ^a					
Model	Coefficients		Sig.	Collinearity Statistics	
	Beta	Std. Error		Tolerance	VIF
(Constant)	0.223	0.053	0.3529	-	-
1					
Tangible Aspects	0.142	0.069	0.0031	0.639	2.632
Confidence	0.457	0.082	0.0000	0.510	2.417
Satisfaction	0.328	0.068	0.0000	0.598	2.232
Guarantee	0.411	0.101	0.0003	0.505	2.021
Empathy	0.235	0.119	0.0022	0.632	2.011

The regression model show that $F = 178.8$ and $\text{Sig.} = 0.00$ (smaller than 0.05), these mean it is safe to reject the null hypothesis that all regression coefficients are 0 and conclude at 95% confidence level that linear regression model match with the overall. Adjust R square show the significant of level of model's explanation. With the result of above table, adjust R square = 0.742 means the model explains the variance of dependent variable in the 74.2%. VIF coefficient in the table above ranged from 1-3 so there was no phenomenon of multicollinearity. The importance of variable to dependent variable is determined based on the beta. If the absolute value of the beta coefficient is bigger, the affecting of the factor is more importance to the quality services of business support. Therefore, the most important factor influence to the quality services of business support is confidence (Beta = 0.457), followed is the guarantee (Beta = 0.411), next is satisfaction (Beta = 0.328), empathy rank 4th (Beta = 0.235) and the last is tangible aspects (Beta = 0.142).

The regression results mean that: when other factors do not change if each of factor increases by 1 unit, the quality services of business support increases number of units corresponding with beta value, so hypothesis should be accepted. It's show that, when confidence increase 100 percent, quality services of business support increase 45.7 percent. And guarantee, satisfaction, empathy, and tangible aspects increase 100 percent, quality services of business support increase respectively 41.1 percent, 32.8 percent, 23.5 percent, and 14.2 percent.

Respondents' Perception on Quality of Business Support Services

The perception of respondents on Quality of Business Support Services is explained as below table:

Table 6. Overall Respondents' Perception on Quality of Business Support Service of Thai Nguyen City

No	Variables	Mean	Evaluation
1	Tangible Aspect	2.42	Poor
2	Confidences	2.23	Poor
3	Satisfaction	2.31	Poor
4	Guarantee	2.33	Poor
5	Empathy	2.29	Poor
6	Service quality	2.38	Poor

Tangible Aspect, facility is not modern, visually appealing, employees is not neat appearing, and time opening is not convenient for customer. The Thai Nguyen Department of Planning and Investment should improve tangible aspects (equipment material condition, careful, polite staff and working time for enterprise.) to make customer more happy.

Confidences, the confidences of Thai Nguyen Department of Planning and Investment are not good. In addition, respondents' evaluation is from 1-5, this means in the same question, each respondent has difference evaluation. It means that, respondents' evaluation reach from bad to excellent level. The Thai Nguyen Department of Planning and Investment should improve confidences (Follow commitments with enterprise, always pay attention and solve all problems regarding to enterprises, perform service in right manner in initial time, and announce to clients when performing service).

Satisfaction, the satisfaction of Thai Nguyen Department of Planning and Investment are not good. The Thai Nguyen Department of Planning and Investment should improve satisfaction of customers.

Guarantee, The Thai Nguyen Department of Planning and Investment should improve guarantee of customers. Employees less take care enterprises. The customers feel not secure when having transaction with staff. Employee attitude made customer not comfortable. The Thai Nguyen Department of Planning and Investment solve any issues regarding enterprises is poor. *Empathy*, they did not really give attention to each enterprise, special demands and expectations of enterprises, and benefits of enterprises. They also did not understand needs of the companies and less expresses the caring to enterprises.

In general, after doing descriptive statistics, the study found that all aspect of quality of business support services were evaluated as poor. It is extremely dangerous with business activities in Thai Nguyen since business support service is a very important support service for all businessmen, especially for newcomer. This is a very big challenges for managers of Thai Nguyen Department of Planning and Investment to attract for investors to Thai Nguyen city and adjusted policies is very urgent.

CONCLUSIONS AND POLICY RECOMMENDATIONS

From the findings derived, we can apply some below solutions to create, satisfaction, empathy, confidence, and guarantee of customers:

- The Thai Nguyen Department of Planning and Investment should give a policies, listed and regulation for each type of service. Thai Nguyen also promote administrative reform, improve the environment, the work clearance.
- The Thai Nguyen Department of Planning and Investment should training for employees know how to communicate well with customers in the working process to create relationships. Training for highly qualified staff in order to meet requirements in business support for companies Serve quick and correct things customers need. Create trust and security when the customer dealing with Thai Nguyen Department of Planning and Investment.
- Thai Nguyen Department of Planning and Investment should quickly solve any issues regarding customers. Thai Nguyen Department of Planning and Investment should regularly survey demand customer about services of Thai Nguyen Department of Planning and Investment. Give a employee regulation in work, transaction and communication with customer.
- Set up hotline system. The customers can contact to Thai Nguyen Department of Planning and Investment in emergency problems. To improve Business support service quality, Thai Nguyen Department of Planning and Investment should upgrade time of hotline to 24/24 hours to ensure to receive comments, questions, and contributions to solve problems as soon as possible.
- The coordinated deployment of industrial development plan of the city, advertising to attract investment, protection, industrial copyright registration, monitoring and managing operational state of FDI, check, The review also slow compared with the requirements set forth.
- Improve administrative procedures

- Further strengthen the implementation of "one stop" in investment promotion center of Thai Nguyen, strengthen the investment support services. Support before issuing investment licenses, the licensing process and implementation of investment projects after the investment license.
- Fast and dissemination into the "licensing of investment over the network."
- The governing body, particularly the Department of Planning - Investment and Investment Promotion Center for the People's Committee to advise, formulate and promulgate the order process ... in the operation permit for the project investment in the province; advisory recommendations, issued preferential policies to encourage investment in sectors.
 - Implementing administration procedure reform:
 - Thai Nguyen Department of Planning and Investment should promote the connection between business registrative procedures, unify all procedures into only one focal unit in which not only journalizes new business establishment registration dossiers but also returns the results to applicants at one-door section. This model makes the processes and procedures clearly and the responsibilities of each relating units must be delimited. Those bring contributions to simplify administrative procedures, enabling people to benefit from high-quality connecting services, prevent duplicating requests for information and to limit the harassments, negative as well as to increase the exchange of information between governmental administrative bodies. Implementing these regulations presumes to reduce 50% of the number of procedures and time to start up a business (to 4 procedures and 14 days).
 - Pushing on the application of information technology and enhance the capability of business registration officials. Nowadays, science and technology have made considerably advances, therefore, applications of information technology to enhancing business registration processes need to be paid a lot of attentions.
 - Pushing up opening enterprise information by providing their information on the National portal of business registration information (the Portal); reinforce communication via the Portal, newspapers, radio, television about the innovation in business registration and encourage enterprises to use register online so that they can save time and cost themselves and governmental administrative bodies.

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