Administrative Control and Efficacy in Vietnam’s Dak Lak Province

Eric Chong*
Victoria Management School, Victoria University of Wellington, New Zealand

Received 30 June 2009; Received in revised form 14 January 2010; Accepted 12 January 2011

Abstract

This paper examines the administrative controls and efficacy of state entities in Vietnam’s Dak Lak province. Are there deviations in administrative controls in Dak Lak province from the legislative requirements and usual practices and do these controls contribute to perceived organizational efficacy/non-efficacy in the administration of the province? The research findings provide evidence of the People’s Council’s active involvement at multiple levels in the province which calls into question the legitimate role of its People’s Committee. While the uncertain role of the People’s Committee in Dak Lak may exacerbate existing perceptions of organizational efficacy there is no evidence to suggest that deviations in administrative controls directly result in either organizational effectiveness or ineffectiveness. The Vietnamese state and government organizational structure produces systemic dysfunctions that will arise regardless of the administrative controls in place.

Keywords: State administrative control, organisational efficacy, socio-economic stability

1. Introduction

In the decade that followed the “liberation” of the south in 1975 the leadership of Socialist Republic of Vietnam consolidated its control over a unified country. However, the first decade of rule since unification saw much of the country languished in poverty where food was rationed, rice had to be imported to avert famine and inflation ran up to 100 percent annually (Grinter, 2006). A significant watershed in Vietnam’s economic development was the introduction of “Doi Moi”, literally meaning change and newness but more commonly referred to as “renovation”, in 1986. This initiative was around the time Gorbachev’s announced perestroika which marked a substantial change in policy towards economic liberalisation encouraging private ownership, a market-oriented economy and decentralisation of control over economic management. In the years that followed Vietnam achieved a high rate of Gross Domestic Product growth in the 1990's, averaging 7.9% per year from 1990 to 2000. This economic growth precipitated in a significant 4.1% per year average reduction in the incidence of absolute poverty over the same period (Balisacan et al., 2003). In spite of this, observers appear pessimistic of the country’s continued development in the 21st century. This has been attributed to difficulties in developing a market economy within an unchanging socialist system (Shultz et al., 2000, Grinter, 2006 and Masina, 2006), the tension between central government and provincial authorities over control of resources (Painter, 2003a and Grinter, 2006) resulting in inefficiencies in the state administrative system (Gainsborough, 2005, 2007).

This paper examines the administrative apparatus in Vietnam’s Dak Lak province. While administrative control can be seen as necessary for socio-political stability and economic growth, ineffective control or control in areas where regulation is unnecessary can limit long-
term economic growth through inefficiency resource utilisation. With this in mind this research also examines the efficacy of state agencies in the province.

2. Socio-political stability and economic growth

Rostow’s (1960) Development Stage theory suggests that countries move along a continuum characterized by three developmental stages - natural resource and labour driven stage, capital and imported technology driven stage, and R & D and innovation driven stage. In a competitive global economy, countries progress by leaving simpler activities to countries at lower levels of economic development. The assumption here is the existence of a free global market. However, protectionist policies such as import substitution can distort market forces. Dietz (1992) suggests that in an imperfect market successful economic growth is dependent on governments identifying “strategy switch-points” when diminishing returns set in and a change in policy is required. Apart from the external market forces, the country’s internal socio-political environment is a significant determinant of economic growth. Comeau (1997, 2003) established a nonlinear negative relationship between democracy and economic growth at high levels of political freedom. Democracy and high levels of political freedom result in political instability and retardation of economic growth. The direct results of instability are reluctant investors and reduction in labour supply. Reduction in capital and labour, assuming they are productivity deployed, reduces total output. The uncertainty caused by instability makes identification of strategy switch-points and the formulation of appropriate government intervention impossible.

The research literature indicates that effective control is a necessary condition for socio-political stability and the latter is necessary for economic growth. This study is limited to the examination of administrative controls in Vietnam’s Dak Lak province.

3. Neoliberalism and transitional economies

Within socio-politically stable environments the neoliberal economic perspective (Jancar-Webster, 1998) is one where centrally planned states and the growth of state sectors are seen as real or potential distortions of the globally dominant free-market mechanism. A comparison of the experiences of transitional economies in Eastern Europe and Pacific Asia called into question this belief. Central planning and direct control over production failures in Eastern Europe led to the immediate adoption of Western-style institutions and markets in the 1980s. This resulted in recurrent economic and political crises and failure to established sustained growth. During the same period China and Vietnam achieved greater success by adopting a gradualist approach to economic and political reform. Institutions and structures were adapted and reinvented to meet the challenges of opening global markets. Dixon (2003) sees the relative developmental success in these two countries as posing a significant challenge to the neoliberal position. However, he acknowledges the argument that long-term economic growth in these countries are limited because of the reforms fell short of optimising the benefits that could accrue from having more open economic and political systems.

While political and administrative control is seen as necessary for socio-political stability and economic growth, an inefficient public administration system can limit long-term economic growth through sub-optimal resource utilisation. This paper will examine the perceived efficacy of the administrative system in Vietnam’s Dak Lak province.

4. Vietnam’s gradualist reform

“Doi Moi” was coined by the Vietnam Communist Party (VCP) in 1986 to initiate a transition from the centrally planned economy to a market economy with socialist direction or
“market socialism”. The reforms favoured gradualism and political stability over radical change with economic restructuring coming before “equitization”, a term acceptable to the Party in place of “privatization” (Grinter, 2006). The Vietnamese party leaders agreed to transform the economy into a “market economy with socialist orientations”. In reviewing the official policy statements issued by the Party, Shultz et al. (2000) conclude that the move towards this “arket socialism” reflected a need to gain the benefits of a market economy without relinquishing state control over the economy. The purpose of reform is to develop the economy and not to replace socialism with a market-oriented capitalist system. The authors contend that this is demonstrated in the entrenched position of the state-owned enterprises which are tasked, firstly, to implement government economic policy and, secondly, to work in joint-ventures with overseas investors. The ambivalence in wanting a free market as well as a controlled environment raises efficiency issues that are seen as inhibiting future development.

The use of state-owned enterprises as instruments to carry out government economic policy has allowed the central government a certain amount of decentralisation without diminishing control over areas it considers crucial. In separating the government and management functions, more decisions have shifted away from the central authorities. This provided opportunities for state authorities to become active players in the control equation resulting in consequences which will be reviewed later.

5. Party and state government

In theory, the Party doctrine advocates that the Party “leads” and the state manages, but the Party, through its members in key state institutions, can intervene in the “management” process when it sees a need (Painter, 2003a). Officially there is a clear separation between the People’s Councils and Committees as state institutions and the provincial Party Committee. However in practice, the Secretary of the provincial Party Committee is often also the chair of the People’s Committee. The provincial line ministry comes under the command of both the ministry head office and the People’s Committee. This dual accountability can result in control gaps, duplication of work and abdication of responsibility. Within the ministry itself the chain of command between the centre and the provinces is not unified. For example, the provincial agencies control their own recruitment and there is no common nation-wide public sector career structure. Possibly a reason why the system functions, albeit ineffectively, is because most senior and all top government officials are Party members imbued with a common doctrine and where broad guidelines based on precedence are evident.

Interestingly, Painter (2003b) concludes that the system of government by directives from the centre and opaque administrative controls at the provinces allow for procrastination, local interpretation and eventual implementation with refinements, corrections, reaffirmations and modifications to make the directives more palatable to the public.

6. National and state responses to economic growth

Globalisation embodies a change in the flows of goods, people, information and money across national boundaries (Held et al., 2000). It is often taken as a given force for change which developing states have to embrace or resist at their peril. As each country is unique historically and culturally, the local response to changing global conditions is likely to be different. The challenge for research in this area is therefore one of ascertaining the “global reality” in relation to the “local reality” (Gainsborough, 2007). Within a country like Vietnam the responses may also be different. The author cites an increasing number of research papers that distinguishes national and state local responses. This suggests that national and state objectives are either different or that the pace and acceptance of change at the centre is
different from the fringe, or a combination of both. This is significant because it demonstrates that the state can act independently from the central government. In his study of Lao Cai and Tay Ninh provinces, Gainsborough (2005) suggests that provincial governments were not overwhelmed by external market forces but appeared to be driving the regulation and promotion of internal and cross border economic activities. Provincial government officials were also active in running state and private firms which provided regular supplementary incomes for those who were able to do it effectively and to their personal advantage.

The lack of regulation and transparency in the provincial officials’ involvement in business provide fertile ground for corruption. The Vietnam Government Steering Committee for Public Administrative Reform report (GSC, 2000) acknowledged that public servants abused their positions by taking bribes, engaging in contraband trade and using local tax revenues for private purposes. There were instances where senior officials were not prosecuted or got off lightly in proven corruption cases (Gillespie, 2002). Public protest and civil unrest against official corruption in Thai Binh in 1997 and Nam Dinh in 2000 (Kerkvliet and Trai, 2001 and Koh, 2001) cited in Painter (2003a) provides further evidence of endemic corruption. Perhaps the most visible high level corruption case was the infamous “Project Management Unit 18” scandal in 2005 which resulted in the sacking of the Vice-minister, who was later exonerated of all charges, and the Commissioner of the Traffic and Transportation Ministry for the audacious misappropriation of state and foreign aid funds. Quinn-Judge (2006) reports on the Vietnam Communist Party “crisis” where there is broad consensus and increasing criticism of lack of transparency at the upper levels that has caused corruption to permeate throughout the system. The inequity, and social unrest that may arise, and inefficiency resource utilisation that results from wide-spread corruption are reasons for pessimism in Vietnam’s long-term economic growth (Tsuboi, 2005 and 2007).

7. Methodology

7.1 Research scope

In the developmental economic literature socio-political stability is seen as an essential requirement for economic growth. In an unstable or potentially unstable environment control is perceived as an appropriate response to achieve stability. However, control may be inimical to efficient resource utilization and long-term economic growth. These relationships are illustrated in Figure 1.
This research examines administrative control and the efficacy of state entities in Vietnam’s Dak Lak province. Based on the literature reviewed it appears that both socio-political stability and efficient resource utilization are necessary conditions for economic growth. Vietnam’s gradualist reform approach assumes that control is necessary for socio-political stability. This study will examine whether comparatively more control is applied in Dak Lak province and the perceived administration efficacy or non-efficacy that could result from control.

7.2 Selection of Dak Lak province

The Dak Lak province was selected for this study because its peculiar circumstances made it subject to an inordinate amount of central government attention. It is financially important as the country’s largest export cash crop producer of coffee, cotton, hybrid corn and honey and has had sustained economic growth averaging 8% per year from 2001 to 2005 (Vietnam Ministry of Foreign Affairs, 2005). It is one of the larger provinces of Vietnam with an area of 13,139 km² and a population of 1,759,100 persons originating from 34 different ethnic groups with the majority being either Kinh or Ede descent. There are 18 districts and cities, 201 communes, wards and townlets (Statistical Handbook of Vietnam, 2008). Apart from its financial importance, another reason for the central government concern is security issues. Dak Lak has among the highest population of ethnic minorities and a history of encouraging ethnic Kinh migration into the area has resulted in bitter land disputes between Vietnamese and minorities. A fuller discussion of the sociological issues involving unequal income distribution based on ethnic lines is in Doutriaux et al., (2008). In 2001 the Vietnamese authorities had to intervene in what they believe were plans by the Christian indigenous Dega ethnic minority, supported by U.S.-based Montagnard Foundation Inc., to establish an autonomous state in the Central Highlands. The security need is evident in Dak Lak having the highest per capita military presence, equivalent to 20,000 households of military personnel and their families, in an “economic defence zone” (Southeast Asian Affairs, 2002). In 2004 the Dak Lak province was reduced to its present size by the formation of the adjoining Dak Nong province. The significant reduction in land (6,517 km²) and population (407,300 persons) that resulted is another indication of the need to better control and manage Dak Lak province.

The importance of Dak Lak province is underscored by the attention it had received in the Public Administrative Reform plan from 2001-2010 which comes under the purview of Vietnam’s Ministry of Home Affairs (MHA), formerly known as the Government Committee on Organization and Personnel (GCOP), in Hanoi. This Ministry and a Danish non-governmental organization (NGO), financing reform projects, selected Dak Lak province to study and implement “organizational structure reforms”. Fortuitously this project provided an opportunity to examine the administrative control and efficacy of the provincial state and government agencies.

7.3 Hypotheses

Given the historical circumstances of Dak Lak province one would expect more stringent administrative controls for socio-political stability. However, stringent controls can hinder organizational efficiency. In this study perceived organizational efficacy is used as an indicator of sub-optimal resource utilization. The hypotheses for this study can therefore be stated as:

\( H1: \) There are deviations in administrative controls in Dak Lak province from the legislative requirements and usual practices.

\( H2: \) There are perceptions of organisational efficacy/non-efficacy in state and government agencies that are due to administrative controls in Dak Lak.
These hypotheses are tested by, firstly, collecting information directly from interviews with key provincial party and government officials. The qualitative analysis then provides unique insights into the permeation of control and government efficiency in the province.

7.4 Data collection

The data collected for this research arose from a Danish NGO-MHA Public Administrative Reform project. In order to facilitate data collection MHA provided a well-connected retired senior official to represent the Ministry and gain access, support and cooperation from senior provincial officials. The Danish NGO’s requirement was that documents from the study were to be translated into English and a non-Vietnamese researcher be brought in to ensure unbiased recording and analysis of data. Consequently, a bilingual American-educated Fulbright scholar who was a manager with the Vietnamese Central Bank was brought in to act as interpreter for this researcher and Danish officials.

Baseline data on the structure of government and local administration were established from desk research. Information collected was then verified in meetings with MHA officials in Hanoi. The third source of information was from field research where 37 senior officials in provincial, district and commune organizations were interviewed at their workplace. These officials were from provincial departments of ministries, ministry’s district division, provincial People’s Council and provincial People’s Committee, district People’s Committees, commune People’s Councils, commune, ward and townlet. Organizational heads or their deputies had to be present at the interviews. The list of organizations and the appointments of key persons interviewed are in Appendix A.

Open-ended questions were designed in English and translated into Vietnamese. The translated version was tested in a focus group of senior officials from the MHA. The test questions were modified to make them more comprehensible and to ensure they did not lead to bias responses. A semi-structured interview method was used in face-to-face communication at the interviewees’ workplace. Each interview consisted of a warm-up exchange of credentials and niceties (e.g. serving of tea) to set the stage. Opening questions were then asked to establish working relationships with other provincial organizations. In addition, respondents were asked to indicate their areas of responsibility and initiatives undertaken by their organizations. This was to assess the extent of control over the provinces from the centre. They were then asked questions pertaining organizational efficacy issues and human resource practices, in particular, salaries, job positions, skill development and recruitment. These were to assess efficient utilization of resources and the pervasiveness and effects of “corrupt” practices. The final set of questions concerned leadership, management and control of their organizations. Responses to these questions were used to examine issues that could arise from a system where there was dual accountability. The interview questions are in Appendix B. All interviews were tape recorded and transcript analysis was done. This involved reading and re-reading each interview transcript and grouping and regrouping corroborative comments until consistent patterns emerged. A second transcript translator, in addition to the verbatim translator, was used to ensure that the quality of the data was not compromised in the translation process.

8. Background research

8.1 Vietnam Communist Party (VCP)

The army and the government bureaucracy are subordinate to the Communist Party. The Party Secretariat issues directives to party members and plays an important role in directing government policy and selecting senior officials. The politburo is the party’s executive arm that sets government policy and vets all major appointments. It is elected by the 160-member
Central Committee at national party congresses, which are held roughly every five years. Almost all the ministers in the cabinet are members of the Central Committee, and 91% of the deputies in the National Assembly are Communist Party members. It is because the VCP itself has layers of administration all the way down to the wards, distinguishing the party from the state is very difficult. VCP members occupy the most important state positions and their remuneration is determined by the state and follows the rates of state employees.

8.2 Structure of government

Vietnam’s structure of government is illustrated in Appendix C. The highest standing body is the National Assembly. It is the only body with constitutional and legislative power. The President of the State and the Prime Minister are elected by the National Assembly. The President has the right to nominate candidates for a number of key positions including the Chief Justice of the Supreme People's Court and the Procurator-General of the People's Office of Supervision and Control. Nominees are then approved by the National Assembly.

8.3 Local government

The People’s Councils represent the local authority of the state and are the top supervisory bodies at the provincial, district and commune levels. Council members are popularly elected, after being screened by the party, and are responsible for ensuring strict local observance of the Constitution and laws. They do not govern directly but instead elect members to the People’s Committee and oversees its work. The People’s Committee is an executive body that carries out local administrative duties. At its first meeting, the newly-elected People’s Council must elect a People’s Committee of the same level. Thereafter, Council members rule on local plans and budgets and oversee the development and maintenance of local armed forces units. They do this by appraising the reports submitted by the People’s Committee. These reports serve as a basis for discussion amongst the Peoples’ Council members before decisions are made.

Public administration work in the provinces is done by the various departments under a ministry. Each ministry is headed by a minister and assisted by vice ministers. Theoretically, ministries have line control over departments, sub-departments and divisions under them in the provinces. In practice, the People’s Committees exercise substantive control over the departments’ divisions. Appendix D lists the departments, sub-department and divisions of the Ministry of Agriculture and Rural Development in the Dak Lak province and reported lines of control with the People’s Committee.

9. Research findings

9.1 Legal requirements of provincial state and government agencies

Articles 120, 123 and 124 of the Vietnamese Constitution delineate the roles and responsibilities of the People’s Councils and Committees. The People’s Council passes resolutions and the People’s Committee, elected by the People’s Council, is responsible for their implementation at the local level. The People’s Committee makes decisions, issues directives and supervise their execution. The Chairman of the People’s Committee can suspend or annul “wrong” decisions of organs under the People’s Committees and People’s Councils of a lower rank; it can suspend “wrong” resolutions of People’s Councils of a lower rank and at the same time propose to the People’s Council at his own level to annul such resolutions. The government apparatus is headed by a prime minister, five deputy prime ministers and the heads of 26 ministries and commissions. The stated mission of the ministries is to guide the People’s Councils in their implementation of the directives; to create favourable conditions for the People’s Councils to fulfil their duties and exercise their powers
as laid down by law. These powers include training, promoting and dismissing State officials and employees (Viet Nam Net, 2008).

Dak Lak provincial administration comprises of 15 provincial government departments, 18 district and city People’s Councils, and 18 district People’s Committee. The government departments have a district division under both its control. This division is also under the control of the district People’s Committee as illustrated in Appendix D.

The district budgets are put through to the Finance and Price department to the district People’s Committee for agreement. The People’s Committee, under the advice of the department of Finance and Price, resubmits the budgets to the People’s Council for decisions on their allocation to the districts and cities.

“The province continues to depend on the subsidy of central budget due to the local revenues do not cover expenditures. The subsidy averages 35% of the budget. Exports are substantial but the province does not collect exports tax.”

9.2 Provincial state institution efficacy

The People’s Council in the Dak Lak province controlled the implementation of its directives through four committees - Economic Committee, Ethnic Minorities Committee, Socio-economic Committee and Legal Committee. The heads of these committees were also the heads of government departments that have the manpower needed to implement specific directives under the purview of their committees. All the committees were represented at the district level to provide guidance and receive feedback. The only exception was the Ethnic Minorities Committee because it was felt that ethnic minorities were not located in significant numbers in all districts. Interviews with the heads of the Economic and Ethnic Minorities Committees revealed that these committees were under the direction of the People’s Council and had at their disposal the resources from the relevant government departments to implement directives. The People’s Council and its committees had organizational control in the province and districts.

“People's Council often forms missions for reviewing and controlling activities of the People's Committee on implementation of the People's Council's resolutions. After completion of their duties, each mission reports back to the People's Council.”

The state’s intention to extend the depth of its control was evident in the establishment of a People’s Council being piloted in Hao Tien commune in the Krong Pak district. There were approximately 16 actives delegates in the commune People’s Council with each delegate authorised to manage between 65 and 70 households. The delegates’ work involved examining the households’ social and financial problems and recommending solutions. It was reported that in some cases over zealous delegates took on household responsibilities themselves.

“.. [delegates] tasked to provide understanding of socio-economic situation to households and recommend solutions to address their problems. In some cases, delegates may take on too many responsibilities and may not fully grasp the situation...”

Although the provincial People’s Committee had the mandate to supervise the execution of directives in the province, it appeared to have less control over the government departments responsible for implementation. Interviews with senior officials in the People’s Committee revealed a feeling of exasperation over the number and frequency of superfluous laws coming from the centre and the proliferation of administrative procedures and regulatory documents that followed. An example was in the different documentary requirements for private and state-owned enterprises. The same information required in different formats by central and local agencies exacerbated the difficulties enterprises faced in meeting documentation requirements. The feeling was that the People’s Committee should exercise its
constitutional right to annul resolutions that were unnecessary or inappropriate for the province.

“Many laws issued by central government should be annulled. For instance, state-owned or private enterprises should operate in a common business environment. There are documents that are not standardised throughout central and local levels. Some provinces have committees of external economic relations requiring their own documents and others don’t.”

Government department personnel were seen as technically incompetent with their training focused almost exclusively on political theory and not on practical public administration.

“Personnel are incompetent and their training is not standardised. Recently, the training has been focused excessively on political theory. Personnel engaged in administration need to be trained more in administration.”

There was a perception that the state and government agencies were duplicating work in the daily management of the province. Although the People’s Committee had an integrated organizational structure covering the province, district and commune levels it was felt that the delineation of responsibilities of committee members at these levels ought to be clear and that good working relationships with personnel in the government departments and divisions needed to be established.

“Decentralisation from central government to province, district and commune is not clear [and] that cause difficulty in administration. There is an overlap in daily management of state and government agencies.”

9.3 Provincial government department efficacy

The local government structure comprised of provincial departments, district divisions sub-departments, divisions and centres of a ministry headed by a minister. The communes and wards were not treated as separate administrative levels within the ministry and were staffed by re-employed retirees. These personnel were appointed by the People’s Committee and the ministry could advise but not discipline them for poor work performance. Officials stated this as a reason for their department’s ineffectiveness in managing work in the communes and wards.

“… [the department] cannot appoint or discipline commune and ward staff but is obliged to advise them. Thus management effectiveness is limited. However, if problems occur the director [of department] is the one who is responsible for inspection, examination and solving problems.”

There appeared to be no clear demarcation of responsibilities either by industrial sectors or territories amongst officials in the communes. This situation was compounded by data on personnel being updated infrequently and personnel changes such as transfers and job rotations being recorded inaccurately. Lapses in management resulted in the following case:

“…a staff left the job but his name remained in the list of personnel so that the organisation could continue to get salary and pay to a staff employed on a contract basis.”

The department of Trade and Tourism reported that their department did not have a district division. The department’s coordination with district authorities on trade and tourism matters was done through the Planning and Investments division. Gaps in the organization structure were also reported by the Industry department. In some districts staff in the Planning and Investments division would be assigned Industry department work on rotation, whilst in other districts, staff were assigned such work on an ad-hoc basis in addition to their own
department’s work. This made it difficult to develop industry specific expertise and an appreciation of business needs in the districts.

There was evidence of a duplication of work amongst different departments. This caused confusion as to which review document ought to be used. Further duplication and confusion was reported over what constituted state administrative work and business management between the departments of Industry and Agriculture and Rural Development and the state-owned electricity companies.

“Planning and management of plans are overlapping and loose. For example, Department of Planning and Investment reviews plans while Department of Agriculture and Rural Development also executes similar function.”

Officials from the departments expected leadership and direction from the People’s Committee. This perception was reinforced by their department heads holding key membership positions within the committee. Their dual roles had resulted in reported confusion as to which capacity they were operating under and where they ought to be spending more of their time and effort.

“...members of the People's Committee also take a position of directors of the departments, and should focus more attention on their role as department's director. They should play the role of the members of the People's Committee only at the meetings of the People's Committee. But it is very hard to know when they playing which role.”

Interviews with some department heads confirmed that they see themselves as technical advisors to the People’s Committee rather than being co-opted into the Committee to follow through on the implementation of Committee decisions.

An example of dual reporting lines where the district division reports to both the department and the People’s Committee is illustrated in the Agriculture, Forestry and Rural Development ministry (Appendix D). Such dual reporting lines resulted in miscommunications through conflicting instructions and district staff inertia because of uncertainty.

Control of the provincial departments by ministry headquarters was weak. Central ministry staff very rarely visited the province and had a poor understanding of local conditions.

“The central government is bureaucratic and makes policies [that are] inappropriate with the practice of the locality.”

As an example, the State Inspection department reported that government loan period for the rural farmers did not take into account the growth cycle of crops and animals. This resulted in farmers having to borrow at extremely high interest rates in times of need from the commercial banks to finance their operations. This perpetuated rather than eliminated the poverty cycle amongst the ethnic minorities the government loan policy was meant to help.

The gaps identified in the organizational structure and lapses in management control within the province and from central ministries provided the conditions for government officials to abuse their positions. Information on the pervasiveness of corrupt practices in the province had to be inferred from the interviews. It was reported that too many senior department officials were involved in managing state-owned enterprises in areas such capital expenditure, taxation, labour and salaries. It was observed that these officials were only keen in controlling enterprises which were profitable and had financial resources at their disposal.

“There is a practice that many authorities want to manage the entities which has been in good [financial] shape. However, once the very same entity is in trouble, no authority wants to be involved.”
Dak Lak is the country’s largest exporter of coffee but the province does not collect taxes on exports. The revenue collected was insufficient to cover expenses and approximately 35% of the province’s budget came from the central budget. The management of the budget at the communes was poor and provided fertile ground for misappropriation of government funds and assets.

“At commune level, change of financial accountants occurs very frequently. The management information system is poor and hard to ensure the accuracy of data. Data obtained from the Tax department, Department of Finance and State Treasury have discrepancies.”

10. Discussion

In the Vietnamese Constitution the role of the People’s Council is to pass resolutions which the People’s Committee then has implement at the local level. This places the People’s Committee at the centre of administrative control in the province directing the implementation of policies by the government departments (Southeast Asian Affairs, 2001). The evidence from Dak Lak province is at variance with this norm. Apart from its expected duties of appointing key personnel in the local government and approving the provincial budget, the Council directly oversaw the work of four special committees responsible for economic, socio-economic, legal and ethnic minority matters. The members of these committees included the heads of government departments who would be kept informed of new directives and could be called upon to facilitate implement. Evidence of the Council expanding the depth of its control is in the appointment of commune People’s Council delegates to work with households. The Council’s active involvement at multiple levels in Dak Lak is out of character and puts into question the role of its People’s Committee. The tension that this caused resulted in calls from the Committee to assert its constitutional right to annul resolutions that were unnecessary or inappropriate for the province. There was no evidence of this being carried out.

The hypothesis that there are deviations in administrative controls in the Dak Lak province from the legislative requirements and usual practices is supported. The active participation of the Councils is a manifestation of a perceived need for socio-political stability in what had been a troublesome province. More importantly it demonstrates the will to extend control even over the domestic affairs of each household. However, there is no evidence to suggest that greater control was initiated above the provincial level and/or the Party was directly involved. It is more likely that Party-affiliated cells or zealous individuals within the state institutions have created this anomaly.

The evidence of organizational dysfunctions are in gaps in organization structure, duplication of work, inertia as a result of dual reporting lines and a lack of understanding of ground level issues. While these may be systemic problems in Vietnam’s provinces, the uncertain role of the People’s Committee in Dak Lak exacerbates inherent dysfunctions. The Committee’s connection with the government department appears to be distant with frequent comments made by Committee members on government department staff incompetence. These comments indicate an abrogation of its leadership role of government departments. Ironically members of the Committee are often heads of departments as well. The continued non-efficacy, or lack of efficacy gains, of the state organisations is perhaps reflected in the Vietnam Provincial Competitiveness Index (2008) listing Dak Lak as 37th amongst 64 provinces and cities in Total Investment Environment sub-index. There had been no significant gains or losses in Dak Lak’s Competitiveness Index from 2006 to 2008. In this study the disfranchisement of the People’s Committee is the only evidence that supports the hypothesis that administrative controls in Dak Lak contribute to perceived organisational non-
efficacy in state and government agencies. It would be premature to conclude that actual efficacy results from attempts at greater control by the People’s Council. Much of the non-efficacy is inherent in the nation-wide system (Gainsborough, 2007) and Dak Lak is no exception. The hypothesis that perceptions of organisational efficacy/non-efficacy in state and government agencies are due to administrative controls in Dak Lak is, therefore, not supported.

The existence of weak organisation structures, poor staffing systems and inadequate budgetary controls and the practice of providing subsistence wages for officials where multiple income sources are considered normal practice reinforce the perception of endemic corruption. The use of the word “corruption” in the literature is unfortunate as it carries a strong negative connotation and requires further discussion on a tabular rasa basis. Tsuboi (2005) observes that the Vietnamese government recognises that the salaries of civil servants are insufficient and a “commission” for their services to supplement income is acceptable. It becomes unacceptable and denounced as “corruption” when the “commission” is outrageously large or an individual keeps the full amount instead of distributing the tithes fairly among the department members in proportion to their respective positions. While this maybe contrary to the Weberian notions of efficiency the issue under consideration here is whether such practices lead to socio-political instability or inefficient resource utilisation that hinder long-term economic growth. There is no reason to believe that a commonly known practice within a country will necessarily lead to instability or greater inefficiency. On the contrary, it may provide for stable socio-economic relationships that facilitate economic activities until a more enduring structure emerges.

11. Conclusion, limitation and further research

The research has uncovered an attempt by the Peoples’ Council in Dak Lak to take a more active part in the administration of the province. In doing this the Council had inadvertently caused tension between provincial state entities which, hitherto, had their roles clearly defined. Dak Lak is not an “average” Vietnamese province so the phenomenon observed in this study cannot be generalised to other provinces. As such the research findings point to what can, rather than what will, happen where there is a perceived need for control in order to achieve socio-political stability. Administrative controls can lead to inefficiencies. The application of Weberian principles points to the Vietnamese administrative system being inherently inefficient. There may be grounds to question this in a future study. In this study, while there is no compelling evidence to suggest that control differences in Dak Lak have made the province more inefficient, it can be argued that there had been no efficiency gains either, as measured by the Provincial Competitiveness Index, in this financially important province. Although inefficiency is inimical to economic growth, socio-political instability may be an even greater threat. Areas for further study would be, firstly, to establish quantitative relationships between administrative control, socio-political and efficient resource utilisation and, secondly, to quantify the relative importance of efficient resource utilisation as compared with socio-political stability in achieving sustained long-term economic growth. Comparative indices of resource utilisation and socio-political stability could then be derived for Vietnam’s provinces and serve as an indicator of sustained economic growth.

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APPENDIX A

Dak Lak provincial organisations and personnel surveyed

Provincial level

Home Affairs Ministry (resident director of central region)
People’s Council – Economic and Budgetary Committee (vice-chairman), Ethnic Minorities Committee (vice-chairman)
People’s Committee (vice-chairman)
Ministry departments – Finance and Price (vice-director, budget division manager, non-business financial division manager)
           Justice (director)
           Transport and Communication (director)
           Education and Training (director)
           Land Administration (vice-director, statistics division chief, inspector, archives centre head)
           Organisation and Personnel (director)
           Agriculture and Rural Development (director, planning division chief and planner)
           Trade and Tourism (director)
           Statistics (vice-director, acting general division chief, organisational and administrative division vice-chief)
           Industry (director, vice-director, planning division chief, organisation and administrative division chief)
           State Inspection (director)
           Health (director)

District level

People’s Committee – Krong Pak (vice-chairman) and Ear Kar (vice-chairman, office chief)
District division of Transport and Communication (manager)
Commune level

Hoa Tien commune (peoples’ council party secretary, chairman and commune leaders)
Cu Hue commune – (commune leaders)
Thong Nhat ward (chairman)
Quang Phu townlet (headman, farmers)

APPENDIX B

INTERVIEW QUESTIONS

Relationships with other state and government agencies:

1. Which three state or government agency does your organisation work the most with and why.
2. What services does your organisation a) provide to these agencies, b) receive from these agencies?

Extent of control from the centre:

1. What are your organisation’s areas of responsibilities?
2. How is organisational performance measured and by whom?
3. What instructions come from the ‘head office’? What initiatives has your organisation undertaken by itself?

Organisational efficacy issues:

1. What are some of the difficulties your organisation faces in meeting its targets and with whom?
2. How can these difficulties be resolved and by whom?

Human resource practices:

1. What is the structure of your organisation? How many positions are left unfilled?
2. How jobs organised and what are the salary ranges of staff?
3. How do you recruit new staff and what training do you provide?

Leadership and management:

1. How are the short and long term directions for your organisations set?
2. How does your organisation work towards goals?
3. Is there one person or group of persons that leads this organisation? Who is/are this/they?
4. Who manages the day-to-day running of your organisation? What support does this person(s) receive and from whom?

Note: All interviews were conducted in the interviewees’ workplace in Dak Lak province
APPENDIX C

Vietnam's structure of government

Diagram showing the structure of government in Vietnam, including national assembly, president, supreme people's court, government ministries and equivalent agencies, provinces, cities under central government control, and various levels of local government such as cities, districts, and townlets.
APPENDIX D

Provincial administrative control (indicated by arrows) in agriculture, forestry and rural development

- Province people’s committee
- District people’s committee
- District division of agriculture and rural development
- Commune people’s committee
- People’s committee member in charge of agriculture and rural development
- Ministry of agriculture, forestry and rural development
- Department of agriculture and rural development
  - Organisational and administrative division
  - Sub-department of plants protection
  - Division of planning and investment
  - Veterinary sub-department
  - Division of agricultural & rural development policies
  - Sub-department of Rehabilitation
  - Cultivation division
  - Sub-department of irrigation
  - Division of processing agriculture and forestry products & rural skills & professions
  - Sub-department of forestry development
  - Husbandry division
  - Inspection division
  - Centre of freshwater and rural sanitary environment
  - Management of projects