

UNLEASHING THE DRIVING FORCES FOR THE DEVELOPMENT OF VIETNAM'S PRIVATE ECONOMY: THEORETICAL AND PRACTICAL ISSUES TO BE CONCERNED ABOUT

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Abstract:

The private economy is an important component of the socialist-oriented market economy in Vietnam, playing an increasingly clear role in promoting growth, creating jobs, and mobilizing social resources for national development. However, this region has not yet reached its full potential due to the impact of institutional barriers, inconsistent policies, limited governance capacity, innovation, and the level of linkage in the value chain. Based on theoretical and practical analysis, the article focuses on clarifying the factors that constitute the "development motivation" of the private economy and proposes systematic solutions to open and consolidate these dynamics in the new period. Research shows that the driving force of the private economy stems from the combination of tectonic institutions – dynamic markets – creative people. A transparent and stable institution, ensuring the right to freedom of business, is the foundation for private enterprises to invest with confidence. In addition, a fair and competitive environment, favorable capital and land access mechanisms, along with effective support policies, will help businesses enhance their endogenous capacity. In particular, the development of a team of entrepreneurs with vision, bravery, and social responsibility, combined with the promotion of innovation and digital transformation, is a condition for the private sector to participate more deeply in the global value chain. On that basis, the article proposes the main solutions: perfecting the socialist-oriented market economy institution; improving the quality of business support policies; developing Vietnamese entrepreneurs; strengthening public-private partnership; and promoting sustainable development. These solutions are considered the foundation for the private economy to truly become the main endogenous driving force, contributing to the rapid, inclusive, and sustainable development goals of the Vietnamese economy.

Keywords: Private economy; development motivation; market economy institutions; entrepreneurship; innovation; sustainable development.

1. INTRODUCTION

1.1 The urgency of this research topic

In the process of developing a socialist-oriented market economy in Vietnam, the private economic sector is affirmed by the Party and the State as an important driving force of the national economy. At the 12th Congress (January 2016), compared to previous congresses, it is a stronger and more definitive affirmation of the Party when considering the private economy as an important driving force of the economy. The document of the 12th Congress emphasized: "Completing mechanisms and policies to encourage and facilitate the strong development of the private economy in most industries and economic sectors, becoming an important driving force of the economy. Completing policies to support the development of small and medium-sized enterprises and start-ups. Encourage the formation of multi-owned and private economic groups, contributing capital to state economic groups"¹. At the 13th Congress (2021), our Party was clearly and fully aware of the position and role of the private economy, with many new contents of high generalization. The Congress agreed and raised awareness about the strong development of the private economy in Vietnam: The strong development of the private economic sector of Vietnamese people in terms of quantity, quality, and efficiency "really becomes an important driving force in economic development"². Most recently, on April 4, 2025, the Politburo issued Resolution No. 68-NQ/TW on "Private Economic Development", which identified: "In a socialist-oriented market economy, the private economy

¹ Documents of the 12th National Congress of the Communist Party of Vietnam, Office of the Central Committee of the Party, Hanoi, 2016, pp. 107–108.

² Documents of the 13th National Congress of the Communist Party of Vietnam, Vol. I, National Political Publishing House, Hanoi, p. 240.

is the most important driving force of the national economy". This is an important shift in the Party's perception of the position and role of the private economy in the socialist-oriented market economy in Vietnam, and reflects the objective requirements of the country's integration and development process in the context of globalization and the Fourth Industrial Revolution.

During more than three decades of innovation, Vietnam's private economic sector has constantly expanded in size and field of operation and contributed significantly to economic growth. Currently, this sector accounts for about 45% of GDP, attracts over 85% of the labor force, and contributes about 30% of the total state budget revenue. However, the scale of private enterprises remains small, with weak technological and managerial capacity, low competitiveness, and, in particular, the absence of private economic groups capable of playing a leading role at the regional and international levels. The lack of sustainable development, lack of value chain links, limitations in innovation, and the ability to participate deeply in the global production network show that this region has not fully realized its potential and motivational role. In addition, the institutional system, policies, and business environment still have many barriers and bottlenecks: the legal framework is not very stable, the administrative procedures are complex, the mechanism of access to capital, land, and resources is inadequate, along with the inequality between economic sectors in accessing investment opportunities. Moreover, the capacity for innovation, digital transformation, and the quality of human resources of the private sector have not met the requirements of the knowledge economy. In the context of fierce international competition and the trend of green and digital economy development, unlocking new development drivers for the private sector has become an urgent and strategically important requirement. Therefore, studying the issue of "Unleashing the Driving Forces for the Development of Vietnam's Private Economy" is not only theoretical to clarify the nature, constituent factors, and operating mechanisms of the development drivers in this region, but also has great practical value for policymaking, institutional reform, and the direction of private economic development in the new period. This is a key condition to realize the goal of making Vietnam a high-income country in the middle of the twenty-first century.

1.2. Objectives

The article aims at three basic objectives. First, analyze the theoretical basis of the dynamics of private economic development, thereby clearly identifying the endogenous and exogenous factors that promote the development of this sector in the socialist-oriented market economy. Secondly, assess the current situation and identify the main barriers that have hindered the development of Vietnam's private sector in the past, including institutional factors, business environment, resources, corporate culture, and innovation capacity. Thirdly, propose some strategic orientations and solutions to unleash, consolidate, and promote the drivers of development, thereby helping the private sector truly become a pillar of the economy. Clearly defining these objectives will help the study have both a solid theoretical basis and the ability to suggest practical solutions suitable to Vietnamese conditions. In addition, the research results can also contribute to the process of building and adjusting private enterprise development policies in the direction of transparency, fairness, and creativity, creating a favorable environment for businesses to develop sustainably and deepen international integration.

1.3. Research questions

Question 1: What factors constitute and govern the development motivation of the private economic sector in the socialist-oriented market economy in Vietnam?

Question 2: What institutional, policy, and resource barriers are reducing or inhibiting the development momentum of the Vietnamese private economic sector today?

Question 3: What systemic solutions can unleash and consolidate the drivers of development, helping the private economy truly become an important driver of the Vietnamese economy in the new period?

1.4. Research methods

The article is based on an integrated, systemic approach, considering the private sector as an organic part of the overall socialist-oriented market economy, simultaneously influenced by numerous institutional, policy, cultural, and technological factors. The authors use a combination of analytical-synthetic, inductive-deductive, comparative, and descriptive statistical methods to clarify both theoretical and practical aspects. The database is collected from many reliable sources, including Party and State documents on private economic development, reports of the Government, the General Statistics Office, the Central Institute for Economic Management (CIEM), and domestic and foreign research works on this topic. In addition, the article references typical international models and experiences such as China, South Korea, and Singapore in order to compare, contrast, and draw policy lessons suitable to Vietnamese conditions.

2. THEORETICAL BASIS FOR THE DRIVING FORCE OF PRIVATE ECONOMIC DEVELOPMENT

2.1. The concept and nature of the private economy

Private economy is understood as the economic sector based on private ownership of means of production, operating under a market mechanism, autonomy in decision-making, and self-responsibility for business results. In a broad sense, the private sector includes individual business households, private enterprises, limited liability companies, joint-stock companies without state capital, and new-style cooperatives where private ownership is dominant. In a socialist-oriented market economy, the private economy is an important component, along with the state economy, the collective economy, and the foreign-invested economy, forming a unified multi-component

economic system. In essence, the private sector is flexible, dynamic, and sensitive to market signals. This region clearly demonstrates the ability to adapt, create, and effectively exploit social resources through competition mechanisms. In particular, in the context of deep international integration, the private sector plays a key role in promoting innovation, creating jobs, expanding markets, and improving national competitiveness. However, with the socialist orientation, the development of the private sector in Vietnam should be placed within the framework of transparent and regulated legal institutions of the State to ensure the harmony of interests among subjects and in line with the sustainable development goals. Thus, it can be affirmed that the private economy is an independent economic subject but organically attached to the national economy, both a driving force for growth and an important factor contributing to socio-economic stability and the implementation of social progress and equity.

2.2. The concept of "driving force for development" in the private economy

The term "driving force for development" is generally understood to mean a combination of internal and external factors that motivate a person or system to move in a progressive direction, achieving a higher state of development. Motivation includes not only material factors such as capital, resources, technology, but also non-material factors such as institutions, beliefs, culture, creative spirit, and the will to rise of people. For the private sector, the development motivation is formed on the basis of favorable economic-political institutions, a transparent business environment, access to resources, technological qualifications, management capacity, and entrepreneurship. In particular, institutions and policies are considered "external drivers" that shape the behavior of enterprises, while innovation capacity, quality of human resources, and corporate culture are "internal drivers" that determine vitality and the ability to develop sustainably. A thriving private sector can only take shape when these dynamics are unleashed, operated synchronously, and mutually supported. Transparent institutions create conditions for businesses to invest with peace of mind; innovation helps increase productivity and added value, while entrepreneurship is an endogenous factor that motivates businesses to constantly seek new development opportunities. Therefore, the identification, analysis, and consolidation of development drivers are decisive for the formation of a dynamic, efficient, and integrated private sector.

2.3. Foundational theories on the driving force of private economic development

On the academic level, a number of modern economic theories can be applied to explain the nature and mechanisms that form the driving force of the development of the private sector. First, Schumpeter and Drucker's theory of private economic development emphasizes the role of creativity and entrepreneurship. According to Schumpeter (1934), the entrepreneur is the one who implements "creative innovation" through combining the factors of production in a new way to create value. Drucker (1985) expands on this notion of innovation as "the only resource that creates wealth." Accordingly, the driving force of private economic development is first rooted in the creative capacity and entrepreneurial aspirations of entrepreneurs. Second, Douglass North's (1990) institutional theory holds that economic development depends fundamentally on the quality of the institutions. Transparent institutions, asset ownership guarantees, and freedom of doing business will reduce transaction costs, encourage private investment, and increase economic efficiency. In contrast, weak institutions and complicated administrative procedures will hinder the development capacity of the private sector. Third, the Endogenous Growth Theory emphasizes that human capital, knowledge, and technology are endogenous determinants of long-term growth. In the context of digital transformation and globalization, the innovation capacity, technology level, and skills of the workforce are the most important intrinsic drivers for the private sector to develop sustainably. Summing up these approaches, it shows that the driving force of private economic development is not only the result of support policies from the State, but also the dialectical interaction between institutions – markets – people. Unleashing and promoting these dynamics is an indispensable condition for Vietnam's private sector to truly become a pillar of its independent, autonomous, and deeply integrated economy.

3. DEVELOPMENT SITUATION AND BOTTLENECKS OF VIETNAM'S PRIVATE ECONOMIC SECTOR

3.1. General picture and issues hindering the motivation for development

Over the course of more than three decades of development, Vietnam's private economic sector has grown significantly in terms of scale, structure, and contribution to the economy. According to official statistics reports, this sector currently contributes about 45% of GDP, creates more than 85% of total employment, and accounts for over 30% of state budget revenue. By the end of 2024, Vietnam had more than 900,000 operating enterprises, of which over 97% were private enterprises (mainly small and medium-sized enterprises). This region has become a major force in promoting economic restructuring, developing the market for goods and services, and expanding international integration. However, upon further analysis, it can be seen that the private economic sector has not yet developed commensurate with its potential and expected role. Most enterprises are small in size, with an average registered capital of less than VND 10 billion, lacking the capacity to accumulate and concentrate resources for long-term investment. The labor productivity of the private sector is only about 40% of the labor productivity of the foreign-invested sector and 60% of that of the public sector. Innovation capacity is still weak, the percentage of enterprises investing in research and development (R&D) is low, and most activities are in industries with low added value. Especially in the context of global economic fluctuations after the COVID-19 pandemic, many Vietnamese private enterprises have shown limited resilience, a lack of financial provisions, and risk management capacity. The transformation of the business model towards digitalization, greening, and global

value chain integration is still slow. This shows that, despite the rapid increase in quantity, Vietnam's private economic sector has not achieved a fundamental change in quality, nor has not formed strong private corporations capable of leading and spreading in the economy.

Viet Nam's private economic sector development practices reveal a range of structural and institutional barriers that are holding back the region's development drivers.

First, economic institutions and policies are still unstable, overlapping, and have not really created a transparent and equal business environment. Many legal regulations are still conflicting between industries and fields, making it difficult for enterprises to implement. Although administrative procedures have improved, they are still cumbersome, time-consuming, and costly. In addition, the phenomenon of "sub-licenses" and the ask-give mechanism still exist in some areas, reducing enterprises' motivation for investment and innovation.

Second, the ability to access resources – especially capital, land, and credit – is limited. The banking system is still the main channel for providing capital, but most small and medium-sized enterprises find it difficult to meet the requirements of collateral, credit records, or financial transparency. The non-bank capital market, such as securities, corporate bonds, and venture capital funds, has not developed adequately. Access to land for production and business also faces many barriers in terms of procedures and costs, especially in the fields of processing, manufacturing, and high-tech agriculture.

Third, the quality of human resources and the governance capacity of the private sector are still weak. The majority of private enterprises are small businesses, directly operated by the business owner, lacking a professional management team. The proportion of trained workers with certificates and degrees in the private sector is still low, only about 26%, compared to an average of over 50% in the FDI sector. The application of modern management technology, digital transformation, and financial-human resource management with a data platform is still in the initial stage.

Fourth, the linkage between private enterprises and each other, as well as with the state economic sector and FDI enterprises, is still very weak. The absence of value chain links and industry clusters makes it difficult for the private sector to participate in the global production network, which relies heavily on outsourcing and subcontracting. Moreover, policies supporting public-private partnerships (PPPs) are not attractive enough or still entail considerable legal risks, making enterprises hesitant to engage in long-term investment.

Fifth, the entrepreneurial spirit and business culture are not really strong and sustainable. Some private enterprises are also biased towards short-term benefits, not focusing on investment in technology, innovation, and social responsibility. The values of business ethics, transparent governance standards, and social trust for entrepreneurs still need to be strengthened. This suggests the need for a strategy to develop a private corporate culture as an endogenous element of development motivation.

In addition, in the process of developing a socialist-oriented market economy in Vietnam, the unleashing of social resources, the development of the entrepreneurial force, the promotion of innovation, and the strengthening of public-private partnerships are four key pillars for creating and reinforcing the driving forces of sustainable development in the private sector. These are not only urgent practical issues, but also theoretical requirements for the process of perfecting the modern, integrated, and inclusive market economy institution. Specifically, unleashing social resources is a prerequisite for the private economic sector to scale up and improve the quality of development. Social resources here are understood in a broad sense, including financial capital, high-quality human resources, knowledge, science and technology, and social trust in the private sector. In Vietnam's economic conditions, the private sector still faces many barriers in land access, credit, market opportunities, and business information. The unleashing of resources requires the State to implement synchronous institutional reform, ensure property rights and equal rights in business, and encourage the socialization of investment and diversification of forms of capital mobilization. A transparent legal environment, flexible financial system, and modern information infrastructure will be the basis for activating hidden resources in society towards legal and effective production and business. The development of Vietnam's entrepreneurial force is the central element in unlocking the driving forces of private sector development. Entrepreneurs are not only the direct subjects of organizing and operating production and business activities, but also the agents of innovation, connecting resources and creating new value for the economy. However, the quality of Vietnamese entrepreneurs is not commensurate with the development requirements of the knowledge economy and international integration. Therefore, it is necessary to develop a national strategy for entrepreneurial development, focusing on enhancing modern management capacity, business ethics, corporate citizenship, and a spirit of social responsibility. Along with that, the formation of an ecosystem supporting entrepreneurs – including training policies, mentorship, market linkages, and incentives for innovative start-ups – is an essential direction to foster a new generation of dynamic entrepreneurs who dare to think, act, and take responsibility. On the other hand, promoting innovation is an endogenous requirement of private economic development in the context of the Fourth Industrial Revolution. Innovation is not only the application of new technologies, but also the innovation of business models, corporate governance, production organization, and market management. The State needs to establish mechanisms to encourage enterprises to invest in research and development (R&D), create innovation funds, and connect private enterprises with research institutes and universities. At the same time, developing the science and technology market and protecting intellectual property rights are two indispensable conditions for forming a culture of innovation in the private sector. And finally, strengthening public-private partnerships (PPPs) is a strategic solution to effectively mobilize and coordinate development resources. The cooperation between the State and the private sector is not only limited to

infrastructure investment, but also extends to the fields of education, health, energy, digital transformation, and green development. The PPPs mechanism should be improved in the direction of transparency, reasonable risk sharing, and ensuring harmonious benefits between the parties. Through this, public-private partnerships will serve as a foundation for the private sector to become not merely a "participant" but a true "development partner" in the process of national modernization. Thus, the unleashing of social resources, the development of entrepreneurs, the promotion of innovation, and the strengthening of public-private partnerships form a unified whole, playing an important endogenous driving force for the strong and sustainable development of Vietnam's private economy in the new period. In general, these barriers do not exist individually but interact and resonate, forming a "limited spiral" that makes it difficult for the private sector to break through. In order to unleash the motivation for development, it is necessary to have a systematic approach, combining institutional reform, resource development, growth model innovation, and competitiveness improvement of enterprises.

3.2. Some international experiences and insights

The experience of many countries in Asia shows that private economic sector development must start with institutional reform and innovation capacity building. In **Korea**, the State plays a role in "creating development" through an industrial-oriented policy, supporting the formation of large private corporations (chaebol) as the nucleus of growth. The government maintains a stable business environment and encourages enterprises to invest in research, technology, and human resource education. In **Singapore**, the success of the private sector is tied to transparency, the rule of law, and policies that encourage innovative entrepreneurship. The State does not intervene deeply in the market, but establishes a system of business support in finance, taxation, and training, helping small and medium enterprises to access new technology. **Japan** is an example of a "socially cohesive enterprise" model, in which community responsibility, business ethics, and product quality are considered the foundation of sustainable development. The coordination between the State – enterprises – professional associations to form "three pillars" to support the stable and in-depth growth of the private sector. For **China**, institutional reform since the late 1970s has created a dynamic wave of private enterprise. The Chinese government focuses on protecting property rights, reducing administrative interference, and facilitating private participation in high-tech industries. The model of "national private enterprises" is encouraged to develop, associated with the global value chain through policies to support innovation and technology transfer. As such, these international experiences show one thing in common: the impetus for private sector development can only be unleashed when the State plays its role in creating institutions, ensuring fair competition, protecting property rights, and encouraging innovation. The selective application of these experiences to Vietnam will help shape the development strategy of the private sector in the direction of dynamism, autonomy, innovation, and connection with sustainable development in the new period.

4. What systemic solutions can unleash and consolidate the drivers of development, helping the private economy truly become an important driver of Vietnam's economy in the new era

In order for the private economy to truly become an important driver of Vietnam's economy in the new era, it is necessary to synchronously implement systemic solutions, ensuring the cohesion between institutions, resources, people, science and technology, and the development environment. These solutions are not only aimed at unleashing the "bottlenecks" that are holding back the private sector, but also at creating a dynamic, transparent, innovative, and sustainable business ecosystem. The basic solutions to focus on in the immediate future will be:

Firstly, reforming state management thinking and building a constructive, transparent, and fair institutional framework.

In the context of the new era, the rise of the private economy as a key driver requires a transformation in state management thinking, aimed at building a constructive, transparent, and fair institutional framework. This transformation is not only a simple administrative reform requirement but also a strategic step forward to unleash the endless potential of the private economic sector, which is an important resource for national prosperity. Traditional state management thinking, with its focus on direct control and intervention, should give way to a tectonic model in which the State plays the role of creating a favorable business environment, supporting and encouraging the free development of private enterprises. This requires a profound change in the perception of policymakers and civil servants, from treating the business as an object of management to a development partner. Tectonic institutions need to be built on a foundation of transparency and fairness. Transparency in the issuance and implementation of policies, ensuring that legal regulations are public, accessible, and understandable, making it possible for businesses to anticipate and adapt to changes in the business environment. Equity in access to resources, from capital and land to information and business opportunities, eliminating all discrimination and creating a level playing field for all economic sectors. To achieve this goal, it is necessary to have a complete, synchronous, and stable legal system, eliminating overlapping, conflicting, and inconsistent regulations. Administrative procedures need to be simplified, digitized, and publicized, minimizing compliance time and costs for businesses. At the same time, there should be an effective monitoring and review mechanism, ensuring that the policy is based on science and practice, meeting the needs of businesses and society. We emphasize and believe that the innovation of state management thinking and the development of constructive, transparent, and fair institutions are not only technical solutions but also a process of cultural and value transformation. This requires strong commitment from leaders at all levels, the active participation of the business community and the whole

society, to build a truly open, creative and sustainable business environment where the private economy can maximize its potential, contributing to Vietnam's prosperous development in the new era.

Secondly, promote innovation and digital transformation in the private sector.

In the context of globalization and the Industrial Revolution 4.0, promoting innovation and digital transformation in the private sector is not only a strategic choice but also a vital factor to improve competitiveness and ensure sustainable development. In order to realize this goal, it is necessary to implement a comprehensive and systematic set of solutions, including building an enabling institutional environment, enhancing the internal capacity of enterprises, and strengthening the connections among actors in the innovation and digital transformation ecosystem. On creating an institutional environment and supporting policies: Finalizing the legal framework: Reviewing, amending, and supplementing regulations on intellectual property, industrial property rights, R&D activities, and protection of personal data, ensuring transparency, feasibility, and compliance with international practices. Apply tax incentives for R&D, technology procurement, and digital human resource training. Establish funds to support innovation and digital transformation, providing seed capital, venture investment, and preferential loans for small and medium-sized enterprises and startups. Focus on investing in broadband telecommunications infrastructure, data centers, and shared digital platforms. Develop high-tech zones, innovation centers, business incubators, and open laboratories. For the internal capacity building of enterprises, it is necessary to focus on human resource development by implementing digital skills training programs, technology management skills, and soft skills for leaders and employees. Encourage enterprises to cooperate with universities and research institutes to develop training programs that meet practical needs. Take an interest in building work environments that encourage creativity, experimentation, and risk-taking. Business leaders should create conditions for employees to participate in the innovation process, while establishing mechanisms for rewarding and recognizing their contributions. Providing information, advice, and technical support to enterprises in the selection, deployment, and mastery of advanced technologies (AI, IoT, Big Data, Blockchain...). Encourage enterprises to participate in digital transformation programs implemented by the state or reputable consulting organizations. On strengthening connectivity and developing an innovation ecosystem. Facilitate cooperation between enterprises, research institutes, universities, and state management agencies in implementing R&D projects, commercializing products, and solving socio-economic problems. Support linkages between large enterprises and small and medium-sized enterprises, as well as between technology-based and traditional businesses, to share knowledge, experience, and resources. Encourage the development of industry clusters and value chains. Attract foreign investment in high-tech and innovation sectors. Facilitate Vietnamese enterprises to participate in global innovation networks, access to technology, and international markets. Synchronous implementation of the above solutions will create a dynamic and effective innovation and digital transformation ecosystem where the private economic sector can maximize its creative potential, contributing to the prosperous and sustainable development of Vietnam.

Thirdly, improve the quality and effectiveness of policies to support private economic development.

Improving the quality and effectiveness of policies to support private economic development is one of the key solutions to ensure stable development, competitiveness, and adaptability to market fluctuations. In the context of Vietnam's strong transition to a growth model based on innovation and deep international integration, the improvement of private economic support policies should be seen as a systematic, interconnected process, and towards improving the endogenous capacity of enterprises, not just short-term preferential measures. This is reflected in the following specific points: Firstly, it is necessary to build a system of policies to support the private economy in the overall direction, consistent and focused. The State must clearly define the role of regulating, creating, and leading instead of directly intervening in the operation of enterprises. Policies should be designed based on market principles, transparency, feedback mechanisms, and periodic reviews to promptly adjust. At the same time, it is necessary to avoid overlap, dispersion, or lack of synchronization between levels and sectors, making it difficult for businesses to access policies. Secondly, support policies need to shift from incentives to competitiveness development. The State should focus on creating conditions for private enterprises to improve their capacity for innovation, governance, digital transformation, and human resource development. Support programs should encourage entrepreneurial self-reliance through the formation of technology innovation funds, venture capital funds, incubation centers, and professional mentoring networks. At the same time, it is necessary to expand credit access channels, minimize financial risks for small and medium-sized enterprises through credit guarantees, interest rate incentives, and intermediary financial instruments. Thirdly, enhancing the implementation and effectiveness of policy governance is the decisive factor. It is necessary to improve the capacity of the policy implementation apparatus at both the central and local levels, develop an interdisciplinary coordination mechanism, and promote the application of digital technology in policy management, monitoring, and evaluation. Regular consultations with the business community, industry associations, and independent experts will help ensure that the policy is practical, feasible, and suitable for the development needs of each business group. Thus, improving the quality and effectiveness of policies to support the private economy is not only a task of state management, but also a driving force for creating a modern business environment, nurturing competitiveness, and strengthening the position of the private sector as an important pillar of Vietnam's economy in the new period.

Fourthly, strengthening linkages, value chain participation, and sustainable development.

This is a strategic direction to improve the competitiveness and long-term adaptability of Vietnam's private economic sector in the new period. In the context of globalization, green transformation, and digital transformation,

increasing linkage not only helps private enterprises expand their market size and access advanced technology but also contributes to restructuring the economy towards more efficient and sustainable outcomes. First of all, it is necessary to develop mechanisms to encourage and support private enterprises to participate more deeply in domestic and international value chains. The State should create conditions for private enterprises to associate with large corporations, FDI enterprises, state-owned enterprises, and research and training organizations in order to form production, supply, and consumption networks of goods in the direction of specialization and value addition. Investment attraction policies should be designed to create a "push" to spread technology and governance capacity from the FDI sector to the domestic private sector. At the same time, the development of industry clusters, specialized industrial parks, and key economic regions will help increase value chain connectivity and resource allocation efficiency. In addition, it is necessary to pay attention and focus on promoting cooperation in the model of industry clusters and localized supply chains. Through the formation of industry clusters, small and medium-sized enterprises can share resources, reduce transaction costs, and improve their ability to participate in large projects. The State should support logistics infrastructure, digital transformation in supply chain management, and develop specialized e-commerce platforms to connect supply and demand. The application of technical, quality, and product traceability standards will help private enterprises better meet the requirements of global value chains. Finally, sustainable development must become a guiding principle for the private economy throughout the process of linkage and integration. Private enterprises should focus on investing in clean technology, renewable energy, environmental governance, and social responsibility. The State should promulgate a mechanism to encourage enterprises to apply ESG (Environmental – Social – Governance) standards, and at the same time, develop green financial markets and green credit. A harmonious combination of economic growth, environmental protection, and human development will provide the foundation for the sustainable development of Vietnam's private economy, ensuring effective integration and affirming its role as a driving force of the national economy.

5. CONCLUSION

In the process of renovation and integration, the Vietnamese private economic sector has affirmed its increasingly important position in the structure of the national economy. However, on the overall level, this region has not fully realized its endogenous potential and motivational role. Institutional barriers, resources, innovation capacity, and value chain linkage are becoming systemic bottlenecks, inhibiting the sustainable development and competitiveness of the private sector. Therefore, the unleashing and consolidation of the development drivers of the private economy is a strategic requirement, associated with the process of perfecting the socialist-oriented market economy institution, towards the goal of rapid and sustainable development of the country in the new period. First of all, it must be affirmed that the socialist-oriented market economy institution is the foundation of all development dynamics. A transparent, fair, and predictable institution is a prerequisite for the private sector to invest and innovate with peace of mind. Improving the institution is not only amending the legal framework, but also the process of reforming the thinking of state management, moving from the model of "management–control" to "creation–service". As property rights, business freedom, and equal access to resources are secured, market confidence will be strengthened, thereby forming a stable foundation for the private sector to develop. Improving the quality and effectiveness of private economic assistance policies must be considered as a central regulatory tool. In addition, promoting innovation and digital transformation is an endogenous driving force that determines the long-term competitiveness of the private economy. In the industrial era 4.0, private enterprises need to be encouraged to invest in research and development (R&D), apply new technologies, and restructure the governance model. An equally important motivation is to develop a team of Vietnamese entrepreneurs with bravery, knowledge, and social responsibility. Entrepreneurs are at the heart of the private economy, driving innovation and creativity. A national strategy for entrepreneurial development is needed, linked to fostering an entrepreneurial spirit, professional ethics, and corporate culture. Another systematic direction is to strengthen linkages, value chain participation, and sustainable development. The formation of industry clusters, specialized industrial parks, and cooperation networks between private enterprises and state-owned enterprises, FDI, and research and training organizations will help the private economy participate more deeply in domestic and international value chains. From a macro-management perspective, public-private partnerships (PPPs) should be regarded as a strategic tool for mobilizing and effectively utilizing development resources. The cooperation between the State and private enterprises is not limited to sharing risks in infrastructure investment, but must expand to education, health, energy, digital transformation, and innovation. Finally, unleashing the development momentum of the private sector requires a comprehensive approach, combining the "top-down creation" of the State with the "bottom-up mobilization" of enterprises and society. The interaction between institutions – markets – people is the decisive factor to turn potential into reality. When the State creates a transparent environment, private enterprises promote creativity and workers are guaranteed development opportunities, the economy will operate in an efficient, inclusive, and sustainable way. In short, unleashing and consolidating the development drivers of the private economy is not only an economic task, but also a socio-political requirement of national strategy. The private economic sector not only contributes to GDP growth and job creation, but also measures the autonomy, creativity, and level of modernization of the Vietnamese economy. In this new development phase, with a correct orientation, transparent institutions, and the support of an enabling State, Vietnam's private sector can fully become a key endogenous driver, contributing to the realization of the national aspiration of "prosperous people, strong nation,

democracy, equity, and civility", as well as the goal of achieving a prosperous and happy country by the mid-21st century.

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