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Fiscal and Monetary Policy Affecting Economic Growth: A Case Study of Vietnam

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ABSTRACT

Vietnam's economy in 2022 takes place in the context of the world economy having many rapid changes; the war between Russia and Ukraine is unpredictable, increasing risks to the financial market, currency, energy security, security, and global food. With the determination to recover and develop the economy, creating momentum to fulfill the socio-economic goals of 2023 and the period of 2021 - 2025. Therefore, the study aims to identify the key factors affecting economic growth and provide policy implications for short- and long-term economic growth. Research methods: the author conducts formal research in major cities, Ho Chi Minh City, Can Tho, Da Nang, Hai Phong, and Hanoi. The subjects of the survey to collect data are economic experts. The information collection method is a direct interview through a prepared questionnaire, sample size $n = 450$ economic experts: probability fee sampling method, random sampling technique for evaluation. After collecting data, it is put into coding, data entry, cleaning, and data analysis using SPSS version 20.0, Amos software. The paper finds five factors affecting economic growth with a significance level of 0.01, and five hypotheses are accepted. The article's value has the fiscal and monetary policy's most substantial impact on economic growth in Vietnam. Finally, research results help operating agencies need to strengthen their forecasting ability and proactively develop scenarios with response actions. Once the policy system has been designed, there will be an adaptive, non-passive plan with timely policies; corresponding to each approach will be appropriate policies. Thereby minimizing policy delay, shortening the time from policy discussion to policy issuance, and creating a quick response to the economy to contribute to economic growth.

INTRODUCTION

Economic growth is the increase in income of the economy over a certain period (usually a year). The increase is reflected in scale and speed. The scale of growth reflects a large or small increase, while the growth rate is used in a comparative sense and reflects the rapid or slow increase between periods. The economy's income can manifest itself as an item or a value. Income equals value reflected through GNP and GNI indicators and calculated for the whole economy or per capita. Thus, the nature of growth reflects

quantitative changes in the economy. Today, the requirement for economic growth is associated with increasing sustainability or ensuring the quality of development. In this respect, what is more, emphasized is the continuous, effective increase of the indicator of the size and the growth rate of income per capita. Moreover, that process must be created by the decisive factor of science, technology, and human capital in a reasonable economic structure.

To achieve economic growth, it is best to achieve high growth; it is necessary to have synchronous coordination between macro management and micro control, combining objective and subjective factors, applying economic laws, and using leverage tools such as taxes, currency, interest rates, jobs, Economic growth is a critical issue related to the prosperity and decline of a country's economy. Based on solving the problem of economic growth creating new wealth, people can solve a series of other issues such as balancing the budget, in-depth investment, social welfare, and job creation, fight against all kinds of crimes, ensure funding for defense and security, etc. On the contrary, if economic growth cannot be achieved at the necessary level, society will likely have complicated problems. In addition, fiscal and monetary policies are essential for long-term growth. Countries that maintain good macroeconomic policies will support high and stable growth. Therefore, the paper determinizes critical factors affecting economic growth and provides policy implications contributing to short- and long-term economic growth.

1. LITERATURE EMPIRICAL REVIEW

1.1 Economic growth (EG)

Economic growth is the increase in value within an economy. Economic growth is reflected in many indicators, but the most commonly used are gross domestic product (GDP), gross national product (GNP), gross national income (GNI), growth in capital, labor, and an increase in market capacity (Barro & Sala-i-Martin, 2004; Durlauf et al., 2005). The interaction between GDP components such as domestic consumption, investment, government spending, and the trade balance will change the growth rate economy. The growth process shows that resources such as natural resources, capital, labor, technology, management, relationships, and markets are exploited and used most effectively. Economic growth includes growth in width and depth, quantity and quality, short-term and long-term... Many companies domestic and international research has quantified the impact of increased resource growth on quality and growth dynamics.

On the other hand, economic growth is the increase in GDP or GNP, or per capita income over a certain period. Economic growth represents a quantitative change in the economy. However, in some countries, economic inequality is relatively high, so many people still live in poverty despite the high per capita income (Abouali & Kheireldin, 2009; Lensink & Morrissey, 2006; Fowowe, 2008). After studying the economic growth of both developed and developing countries, economists have found that the driving force of economic growth in the new period and international integration must be together on the following five factors: fiscal policy, monetary policy, quality of public services, digital transformation, and political environment. These five factors are different in each country, and how they combine them leads to corresponding results for economic growth.

1.2 Fiscal policy (FP)

Fiscal policy is a macroeconomic policy that affects economic activity's size through government spending and/or taxes changes. Keynes argued that the Government needed to increase spending and be willing to accept budget deficits to move the economy from widespread unemployment to a state near full employment. Theoretically, a policy of increasing spending or cutting taxes increases aggregate demand through the death label effect, creating more jobs to meet the demand and increasing national income (Kong & Feng, 2019). If the level of economic activity is too high or the economy is too hot, the Government can cut spending or raise taxes to cut aggregate demand. The primary objective of fiscal policy is to reduce the size of output volatility over the business cycle. This goal leads to the view that the Government needs to regulate the economy's operation. Many economists argue that fiscal policy is not a panacea that can cure all the ills of the economy (Antwi et al., 2013; Anyanwu, 2014). They argued that it was appropriate

only for the recession when Keynes wrote his general theory of employment, interest, and money, but not for an inflationary economy. When inflation and recession appeared, fiscal policy was less popular. People began to believe in the effectiveness of monetary policy in achieving macroeconomic goals. Thus, the author gave hypothesis H1 below:

Hypothesis H1: Fiscal policy affects economic growth.

1.3 Monetary policy (MP)

Monetary policy is the policy of using the tools of credit and foreign exchange activities to stabilize the currency, thereby stabilizing the economy and promoting growth and development. The central bank is the organ that organizes the implementation of monetary policy. Monetary policy objectives are price stability, GDP growth, and unemployment reduction (Onyeiwu, 2012; Okoro, 2013). Because monetary policy can affect the money market, thereby affecting aggregate demand and output, it becomes an effective economic stabilizing tool for the Government. With monetary policy, there are also many problems. We can lower the growth rate of the money supply and control inflation to a single digit, but the current monetary policy has many shortcomings (Chang & Mendy, 2012; Jayaraman et al., 2011). In it, there is still heavy administrative intervention. We use many administrative tools in the money and capital markets. However, monetary policy toward stabilizing the value of money does not mean that the inflation rate is zero, so the economy cannot develop. In conditions of economic stagnation, controlling inflation at a reasonable rate (usually in single digits) will stimulate economic growth again. Thus, the author gave hypothesis H2 below.

Hypothesis H2: Monetary policy affects economic growth.

1.4 Quality of public service (QPS)

Public services are essential services provided by the State or ultimately responsible for delivering to society for the common benefit of the community. Public services play an important role in socio-economic life and are the goal of every organization to improve the living standards and welfare of the people, ensuring equity and comprehensive development for all members of society (Balaguer-Coll et al., 2022; Asher & Novosad, 2017). The State has an essential role in public service provision to increase the quantity and improve service quality. In modern society, the function and position of the State have changed a lot. The State not only has the management process but also assumes the role of providing public services. Therefore, public service quality is an essential measure of the performance of state administrative agencies (Abubader & Abuqarn, 2008; Smaila & Imoughele, 2015). The assessment of online public services' quality helps identify the system's weaknesses, strengths, and limitations that need to be overcome, thereby offering solutions to better serve the people. Methods of assessing the quality of online public services need to be scientific and suitable for both theory and practice to improve service quality. Thus, the author gave hypothesis H3 the following:

Hypothesis H3: Quality of public service affects economic growth.

1.5 Digital transformation (DT)

Digital Transformation is the integration of digital technologies into all areas of an organization, leveraging technologies to fundamentally change how it operates and its business model, and delivers new value to its customers and the organization's customers as well as speeding up business activities or providing services (Zhang et al., 2022; Zafar & Zahid, 2013). Digital transformation is also a change in the culture of organizations, requiring organizations to constantly change, experiment with new things and freely accept failures. The most recognizable benefits of digital transformation for organizations are reduced operating costs, access to more customers in the longer term, and faster and more accurate decision-making with leadership timely and smooth reporting system, optimizing employee productivity (Steven et al., 2001; Yavari & Mohseni, 2012). These things help increase the operational efficiency and competitiveness of the organization, contributing to economic growth. Thus, the author proposes the final hypothesis H4 as follows:

Hypothesis H4: Digital transformation affects economic growth.

1.6 Political environment (PE)

The political environment includes the legal system, government agencies, and the role of social pressure groups. The developments of these factors strongly and directly influence the investment decisions of enterprises. The political environment is the set of factors surrounding the system, affecting the system, determining the tendency of existence and the State of that system (Ashraf, 2022; Fayissa & Nsiah, 2010; Anyanwu, 2014; Barro & Salaimartin, 2004). The domestic political environment is a term used to emphasize the internal scope of the country, which usually consists of three components: political party, State, and social organization. A critical part of the domestic political environment is the institutional system containing normative documents defining the roles, positions, tasks, and powers of the political party, the State, and social organizations in the relationship interrelationships between these three parts. The domestic political environment contains both traditional customs, political culture, and civic consciousness are factors that are difficult to identify but have an equally important role and influence on the growth economy (Dobronogov & Iqbal, 2007; Manamperi, 2014; Chirwa & Odhiambo, 2016). Political factor is a very complex factor. Depending on specific conditions, this factor will affect economic development in the national or international scope. Strategic managers who want to develop the market need to be sensitive to the political situation in each geographical area and forecast political developments on a national, regional, and global scale to make strategic decisions appropriate and timely strategy. Thus, the author gave hypotheses H5 following:

Hypothesis H5: Political environment affects economic growth.

With the problems presented above, the author inherits the theory of economic growth and updates domestic and foreign studies as a foundation for building a research model on economic growth in the context of economic growth. New developments pose many opportunities and challenges for Vietnam's growth model innovation, focusing on the following five factors: fiscal policy, monetary policy, quality of public services, digital transformation, and political environment.

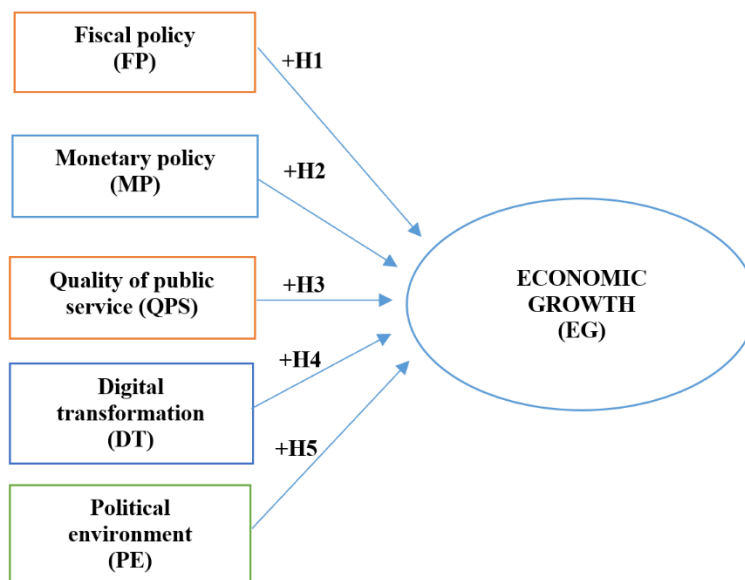


Figure 1. A research model for critical factors affecting economic growth

Source: The author proposed

2. METHODOLOGY AND DATA

This research consists of three steps: (1) conducting qualitative research and (2) quantitative (preliminary) research, and (3) formal quantitative research. Qualitative research is conducted through an in-depth interview to establish the scales and research hypotheses below.

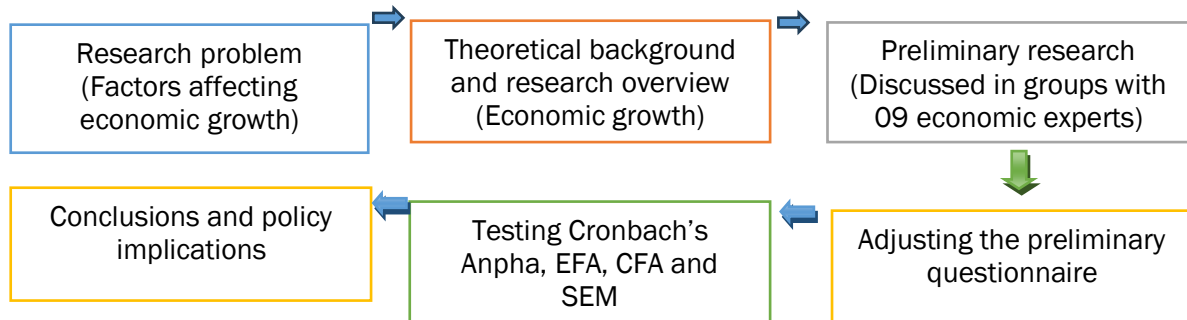


Figure 2. A research process for critical factors affecting economic growth

Source: The author proposed

Preliminary quantitative research is carried out as descriptive research through direct interview techniques to assess the measurement scales of research concepts and adjust the questionnaire. Formal quantitative analysis is used to test the validity and reliability of the scale to test the theoretical model and the assumptions in model 1 above. The article used the research and development process of the ranking carried out through the following steps:

Step 1: The author identifies the research problem and conceptual content based on a theory of economic growth. In step 1, the study carried out three contents: (1) theoretical overview to study concepts related to economic growth; (2) Determine the relationship between the concepts of the research model; (3) Building an initial scale for research concepts, precisely the scale of factors affecting economic growth.

Step 2: The author builds conceptual measures through empirical research and group discussion of 09 business managers in Vietnam's cities and provinces related to economic growth, including Ho Chi Minh City, Can Tho, Hai Phong, Da Nang, and Hanoi. At the same time, the author also interviewed and discussed in groups with 09 economic experts to give suggestions on the scale of economic growth.

This step has two specific tasks: (1) Adjust and supplement the scale of scaled concepts; (2) Build a set of variables on a new scale to include in the model. Preliminary research will adjust and supplement the original scales through focus group discussion. Focus group interviews were conducted. Several groups were formed and interviewed. The result of this step is that the actual scale is adjusted and is called the adjustable scale.

Step 3: Collect data: The author conducts preliminary quantitative research through direct interviews with 31 Vietnamese economic experts. The survey for economic experts in this study is entirely appropriate because economic growth is assessed by the questionnaire built at the end of step 2. The sample size is $n = 31$ experts. Economists participated in interviews on Vietnamese cities and provinces, especially in big cities such as Ho Chi Minh City, Can Tho, Hai Phong, Da Nang, and Hanoi.

Step 4: Preliminary scale assessment with the reliability coefficient of Cronbach's alpha and EFA analysis based on data collected in step 3. The adjusted scale was evaluated through preliminary quantitative research with a sample size of $n = 450$ economists (But only 413 votes processed) and a random, non-probability sampling method. These scales are adjusted through the main techniques: (1) Cronbach's alpha reliability method and (2) exploratory factor analysis (EFA). Cronbach Alpha coefficient analysis was used to determine the reliability of the scale. The scale is reliable when this coefficient is more significant than 0.6. The overall variable is the correlation coefficient with the mean of other variables in the same scale.

The higher this coefficient, the more correlation of the variable with other variables in the group. Variables with the correlation between the item and the sum must be greater than 0.3. According to Hair et al. (2021), variables with a total correlation coefficient of less than 0.3 are considered garbage variables and are excluded from the scale.

The author's exploratory factor analysis (EFA) is used to test the validity of the scale of the concepts. Because after discovering EFA, the author will continue to perform CFA and SEM analysis, it is necessary to pay attention to the scale structure and the difference between factors. Therefore, the author conducted an EFA analysis; The performance standards are as follows.

Using the main axis factoring method, promax rotation.

- Criterion 2: Coefficient Load factor maximum of each variable 0.4;
- Criteria: At each variable, Factor Loading is most significant and
- The load factor must be ≥ 0.3 to ensure factor difference (Hair et al., 2021).
- Total variance extracted 50% (Hair et al., 2021).
- KMO ≥ 0.5 , Bartlett test has statistical significance (Sig < 0.05).

Step 5: Continue to collect data: In this step, the author conducts formal research in big cities, that is, HCMC. Can Tho, Ho Chi Minh, Da Nang, Hai Phong and Hanoi. The subjects of the survey to collect data are economic experts. The information collection method is a direct interview through a prepared questionnaire, sample size $n = 450$ economic experts: probability fee sampling method, random sampling technique for evaluation. After collecting data, it was put into coding, data entry, cleaning, and data analysis using SPSS version 20.0, Amos software.

Step 6: Evaluate the reliability of the scales by Cronbach's alpha based on the data collected in step 5. In this step, the author re-tests the rankings' reliability by evaluating the number of the system. Cronbach's alpha is based on data collected in formal research.

Step 7: The author evaluates the scale value by analyzing the EFA and CFA of the SEM model.

EFA analysis is based on a scale reliably assessed through Cronbach's alpha coefficient performed in step 6 and data collected in formal research in step 5. The CFA analysis method is used to test the validity of the scales. The author has combined EFA and CFA analysis in the SEM model to replace step 7 in the proposed process (Hair et al., 2021).

Step 8: The author determines the standard scale and analyzes the SEM structure to test the model and research hypotheses. SEM structural analysis tests the adaptability of theoretical models and established research hypotheses.

Step 9: The author proposes governance implications based on model testing results.

In summary, in the article, the author researches, synthesizes the theoretical basis and related studies at home and abroad, and builds a research model. After having the research model, the author forms the expected scale, tests the model and the scale, and collects preliminary data from 31 economic experts to preliminarily assess the reliability and value of the scale. After completing the primary, the author collects official data to test the research model and hypothesis. Finally, the author gives conclusions and suggests policy implications to improve economic growth.

3. EMPIRICAL RESULTS

3.1 Analysis of the situation for Vietnam's economy

Vietnam's economic growth over the past 20 years has achieved a relatively impressive growth rate since doi moi. On average, Vietnam's GDP increased by about 6.57%; however, this growth rate is tended to decrease in the last 10 years to about 5.6%. The size of the economy by 2021 will reach about 363 billion USD and enter the Top 40 largest economies in the world, while GDP per capita will reach nearly

3,700 USD, about 2.4 times higher than in 2011. But Vietnam's GDP measure is also a controversial topic. In 2022, the GDP scale at current prices 2022 was estimated at VND 9,513 million billion, equivalent to USD 409 billion. GDP per capita in 2022 at current prices is estimated at 95.6 million VND/person, equivalent to 4,110 USD, an increase of 393 USD compared to 2021. Labor productivity of the whole economy in 2022 at current prices is estimated. Estimated at 188.1 million VND/employee (equivalent to 8,083 USD/employee, an increase of 622 USD compared to 2021). At constant prices, labor productivity in 2022 will increase by 4.8% due to improved workers' qualifications (the proportion of trained workers with diplomas and certificates in 2022 will reach 26.2%, higher than 0,1 percentage point compared to 2021).

From 2008 until now, Vietnam's GDP growth rate has slowed due to many factors, from internal conditions to the external objective environment. We all realize that the breadth of the growth model (capital-driven growth) is ending. Therefore, to achieve high growth in the long term, Vietnam needs to find new sources of growth and look for unique factors. Data from the World Economic Outlook Database 2021 shows that Vietnam's per capita income by purchasing power parity in 2021 is only 17% of that of the US, 24-26% of Japan, and South Korea (lagging around 17%). 33 years), 40% of Malaysia (later about 30 years), and equal to 61% of Thailand and China (later about 9 years). Vietnam can only catch up with higher-income countries if it can maintain a high growth rate for a long time; otherwise, its ability to catch up with other countries will be further away, risking being left behind.

Achievements and challenges:

In the last 10 years, Vietnam has achieved achievements and many challenges. In terms of advantages, Vietnam's inflation rate has been contained to single digits from 2013 to 2022. Before that, Vietnam's economy continuously experienced periods of double-digit inflation number. The trade balance has also constantly been in surplus since 2016, while the previous trade deficit was very high, especially in 2009-2011, accompanied by the fiscal deficit and the devaluation of the local currency. But in the last 5 years, we have overcome the trade deficit thanks to the potential export market through Free Trade Agreements (FTAs).

Foreign investment is relatively stable. FDI capital alone reached about 20 billion USD disbursed, significantly leading to Vietnam's foreign exchange reserves increasing about 10 times compared to 10 years ago. However, we still have particular challenges, especially related to monetary and fiscal such as:

First, the public debt burden is rapidly increasing and will likely cause instability in the next decade. If Vietnam conducts massive investment programs and projects such as the North-South railway expressway or other vital undertakings that consume national resources while the fiscal balance has not been achieved. Although public debt to GDP declined, the reason was that Vietnam's GDP was adjusted in a "confusing manner. That means that Vietnam's statistical ability is not good, we have not observed all economic activities, so the GDP measure is relatively inaccurate. If we compare the absolute value of public debt during this period, it has increased by about 3.2 times, and the growth rate of public debt in the past decade is approximately double digits. Besides, compared to the size of budget revenue, the ratio of public debt to budget revenue decreased slightly in 2015-2016 but recently increased in a U-shape. In particular, the larger the scale of public debt, causing the burden of annual principal and interest repayment obligations to improve very quickly, previously about 12-13% of budget revenue, while in the past 2-3 years, it has increased by about 12 - 13%. 21 - 22% of budget revenue. Thus, every year, Vietnam spends about 1/5 of the budget revenue to pay debt obligations.

Second, with monetary policy, there are also many problems. We can lower the growth rate of the money supply and control inflation to a single digit, but the current monetary policy has many shortcomings. In it, there is still heavy administrative intervention. We use many administrative tools in the money and capital markets. Vietnam lacks a long-term growth foundation, that is, the quality of human resources is difficult to meet new technological advances, and it is difficult for Vietnam to break through to become a middle-income country worldwide in the coming decades.

Finally, Vietnam's economy over the past 10 years has depended on exports and a massive flow of foreign investment. Specifically, the proportion of Vietnam's exports of goods and services in the past 20 years has increased by about 55%; in recent years alone has risen to 105% of GDP, meaning that the scale

of exports of goods and services has exceeded 100 percent. Imports are similar; adding up exports and imports is more than twice the GDP.

3.2 Analysis of descriptive statistics and Cronbach's alpha for factors affecting economic growth

Table 1. Testing descriptive statistics and Cronbach's alpha for the economic growth

Code	Items	Cronbach's alpha	Mean	Std. Deviation
Fiscal policy (FP)		0.926	-	-
FP1	Government spending activities expenditure on goods	0.899	3.0654	0.96194
FP2	Government spending activities expenditure on services	0.912	3.0751	0.98616
FP3	Direct taxes are taxes levied directly on the wealth and/or income of the people	0.887	3.1308	0.93078
FP4	Indirect taxes are taxes levied on the value of goods and services	0.916	3.0581	0.96114
Monetary policy (MP)		0.836	-	-
MP1	Suitable credit interest rates	0.783	3.5303	0.84024
MP2	Use a suitable and flexible credit limit tool	0.776	3.5835	0.87906
MP3	Flexible exchange rate	0.827	3.4019	0.92337
MP4	Use the required reserve ratio tool	0.782	3.4794	0.86893
Quality of public service (QPS)		0.806	-	-
QPS1	Improve the professional qualifications, skills, and IT application of public servants	0.772	2.3414	0.70858
QPS2	Continue to propagate widely about public services to people and businesses	0.722	2.4140	0.61966
QPS3	Increase investment in the synchronous technical infrastructure system	0.793	2.4116	0.68270
QPS4	Regularly upgrade, maintain, and supplement computer systems, to ensure network safety and security at all levels	0.737	2.4649	0.70838
Digital transformation (DT)		0.923	-	-
DT1	Improve people's connectivity to high-speed internet	0.892	3.0847	1.00004
DT2	Strengthen digital education, promote high-quality workforce training	0.898	3.0993	0.98154
DT3	Continue to improve the logistics system, especially in linking industry and interdisciplinary infrastructure	0.892	3.1380	0.93624
DT4	Promote online payment method	0.915	3.0242	1.00937
Political environment (PE)		0.940	-	-
PE1	Political stability	0.914	3.0218	0.96140
PE2	The system of legal documents is complete	0.925	2.9952	0.99268
PE3	Stable and competitive tax policies	0.931	3.0896	0.92915
PE4	Regulations on safety, consumer protection, environmental protection	0.916	3.0194	1.01905
Economic growth (EG)		0.751	-	-
EG1	Annual GDP growth rate	0.597	3.4867	0.93109
EG2	GDP per capita growth rate	0.656	3.2494	1.01841
EG3	The service sector/GDP ratio increases year by year	0.751	3.1138	1.06995

Source: Author collected and processed from SPSS 20.0

Table 1 tests the reliability of the scale, including five independent factors: (1) Fiscal policy (FP), (2) Monetary policy (MP), (3) Quality of public services (QPS), (4) Digital transformation (DT) and (5) Political

environment (PE). Besides, the dependent factor shows economic growth (EG). Table 1 shows that Cronbach's alpha for critical factors affecting economic growth (ED) is higher than 0.7.

Table 2. Testing critical factors affecting economic growth (EG)

Relationships	Standardized estimate	S.E	C.R	P value	Result
EG <--- FP	0.487	0.045	7.616	***	Accepted
EG <--- MP	0.156	0.042	3.162	0.002	Accepted
EG <--- DT	0.113	0.022	2.656	0.008	Accepted
EG <--- QPS	0.090	0.066	3.485	***	Accepted
EG <--- PE	0.111	0.032	3.107	0.002	Accepted

Source: Author collected and processed from SPSS 20.0, Amos, *** with 1%.

Table 2 shows five factors affecting economic growth, with a significance level 0.01. The article's novelty is finding out the fiscal and monetary policy's most substantial impact on economic growth in Vietnam, with a standardized estimate of 0.487 and 0.156.

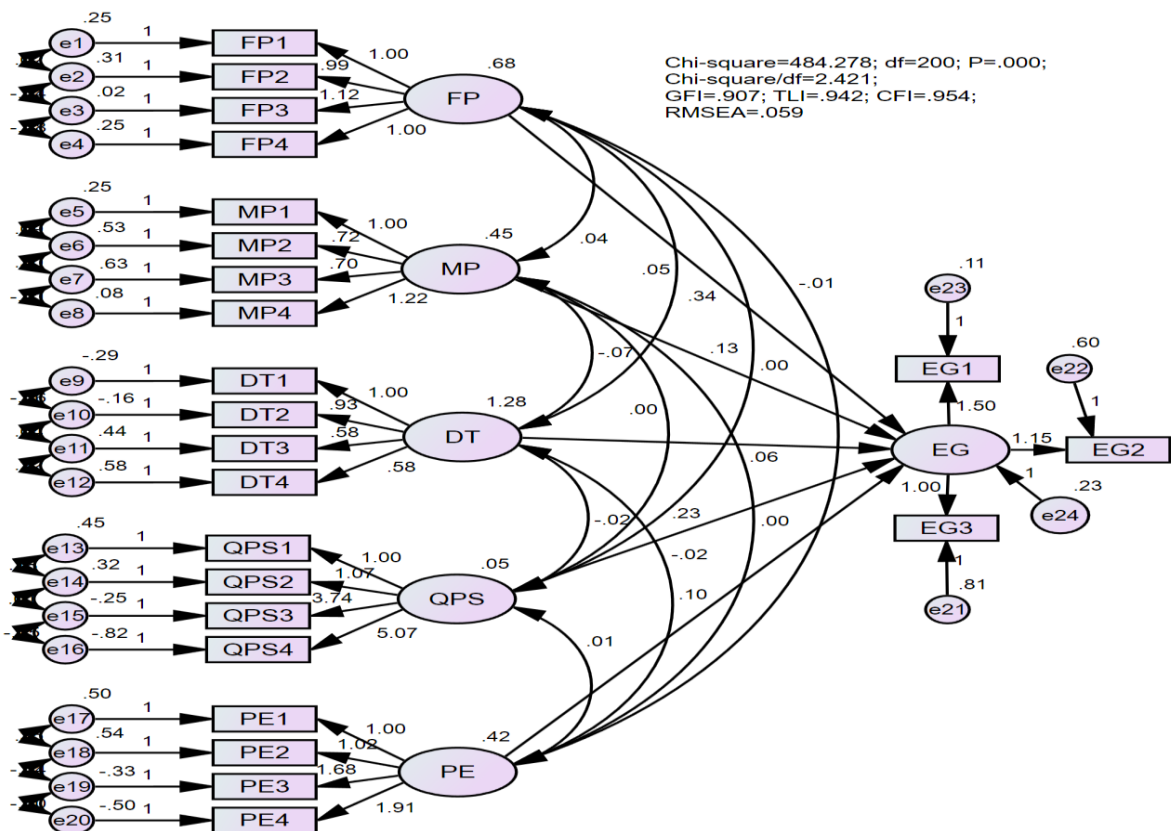


Figure 2. Testing for various factors affecting economic growth (ED)

Source: Author collected and processed from SPSS 20.0, Amos

Figure 2 showed that the assessment of the key factors affecting economic growth: CMIN/DF = 2.421 (<5.0), GFI = 0.907 (>0.800), TLI = 0.942 (>0.900), CFI = 0.954 (> 0.900) and RMSEA = 0.059 (<0.08). The article aims to determine the five factors affecting economic growth in Vietnam, especially the fiscal

policy's most substantial impact on economic growth in Vietnam, with a standardized estimate of 0.487, which is the most important.

Table 3. Testing Bootstrap 10.000 samples for factors affecting economic growth

<i>Parameter</i>		<i>SE</i>	<i>SE-SE</i>	<i>Mean</i>	<i>Bias</i>	<i>SE-Bias</i>
EG	<-- FP	0.061	0.001	0.339	-0.002	0.002
EG	<-- MP	0.062	0.001	0.137	0.004	0.003
EG	<-- DT	0.024	0.001	0.062	0.004	0.001
EG	<-- QPS	0.083	0.002	0.207	-0.002	0.003
EG	<-- PE	0.044	0.001	0.108	0.001	0.001

Source: Author collected and processed from SPSS 20.0, Amos

Table 3 shows that testing Bootstrap with 10.000 samples for factors affecting economic growth with a significance level of 0.01. This result is entirely consistent with applied economic theory and practice in Vietnam. This result is also scientific proof for policymakers to refer to and make appropriate forecasts.

3.3 Result discussion

The research results show that Vietnam's growth rate is actually decreasing, and there are many fiscal and monetary challenges. In that context, will fiscal and monetary policy help with future growth trends, and what challenges are you facing? I would like to emphasize the role of fiscal and monetary policy in growth in the long run. Because countries maintain sound macroeconomic policies will support high and stable growth, leading to improved budget revenues and a solid fiscal base. Thereby, they will keep the sustainability of public debt and budget revenue and have resources for development investment to maintain a low monetary growth rate. At that time, monetary policy is not abused to promote economic growth. To ensure the long-term growth target of the Vietnamese economy, it is necessary to pay attention to the following issues:

The first is fiscal policy, which needs to ensure the sustainability of public debt, including two criteria: stabilizing the size of public debt according to state budget revenue and controlling debt obligations on budget revenue. However, it is also necessary to improve the budget expenditure structure to reduce consumption and increase investment and development spending. State budget revenue should be reduced based on unsustainable revenue sources, avoiding new fees and charges. In particular, fiscal policy should be oriented in a countercyclical direction, specifically in years of high economic growth; it is necessary to have a budget surplus to accumulate resources and make provision for bad times such as the Covid-19 pandemic period.

Secondly the second is monetary policy, prioritizing controlling inflation through controlling money supply growth, not letting the growth skyrocket as in the previous period. In particular, monetary policy must comply with the rules of transparency, with clear explanations, which is still a significant drawback of monetary policy in Vietnam. An unpredictable, non-transparent policy will surprise the economy and create a negative shock. Monetary policy needs to follow specific rules; raising or lowering interest rates must have a reason. For example, adjusting interest rates according to the goal of stabilizing inflation, stabilizing the exchange rate, or reducing the unemployment rate. At that time, the market, businesses, and people will be able to forecast.

Thirdly, Vietnam continues to improve consumer connectivity to affordable and high-speed internet by promoting fair competition in the private sector. The transmission speed and quality of mobile/fixed bands in Vietnam are considered relatively stable; however, to develop to a higher level, the Government's support is needed to improve and cover more diverse frequency bands. Vietnam continues to strengthen digital education and promote high-quality workforce training. Education in the digital economy is not only to promote a general awareness of the opportunities and challenges of the digital economy, but it also requires a thorough preparation of a skilled workforce, ready to adapt and grasp the opportunity. Strengthen users' trust by ensuring that issues related to data privacy, network security, and the legal system are open and transparent to the enterprise system.

Fourthly, stabilizing the political environment is one of the indispensable factors to persist in the goal of economic growth. Stability is both a premise and a result of outstanding achievements in economic growth. Stability is also a suitable environment for economic development. Ensuring people's lives will create trust and build peace and prosperity when the economy develops. The Party committee, Government, people, and businesses always firmly believe that, on the existing foundation, the stability of political security, the safety of the social environment, and the will and aspiration to rise up. Vietnam will continue to advance rapidly, firmly, comprehensively, and sustainably in promoting online payment. Accordingly, digital payments are an essential part of and a top priority of the digital economy. Vietnam faces excellent challenges when the amount of cash in the market still accounts for more than 90%. Global Findex can be an important indicator in the near future to evaluate this index. Faster promotion of e-government. The Government needs to take the lead in digital transformation.

Finally, nowadays, information technology plays a vital role in socio-economic development. The application of information technology to solve administrative procedures and provide public services contributes to shortening the processing time of documents, reducing costs, increasing transparency in the operation of state agencies, and facilitating benefits for people and businesses. Therefore, it is necessary to continue to innovate and improve the quality and efficiency of online public services at all levels, especially online public services. Promote reform of administrative procedures, enhance business investment environment; simplify and standardize investment and construction procedures for implementation in the electronic environment; continue to complete the bidding and auction procedures; strengthen the application of science and technology, training high-quality human resources, promoting digital transformation, developing a green economy, circular economy, sharing economy; improve the production capacity of enterprises, industries, regions, and the whole economy.

CONCLUSIONS

In 2022, the world economy faced many challenges, and leading economies will face many difficulties, adversely affecting all countries with sizeable economic openness. However, Vietnam is still considered a "Bright spot" in the world's "dark economic picture" with "Record" numbers compared to many years ago. The study has in-depth identification and assessment of the factors that make up Vietnam's economic growth in 2022 and discover the barriers to implementing development breakthroughs as a basis for arguments for some orientations and solutions for economic growth in 2023. The paper finds five factors affecting economic growth with a significance level of 0.01, and five hypotheses are accepted. The article's value has the fiscal and monetary policy's most substantial impact on economic growth in Vietnam. From the above results, accordingly, the Vietnamese Government needs to focus on clarifying the nature of fiscal and monetary policies and the impacts of these two policies on economic growth and inflation goals. Thereby explaining the interaction relationship between the two policies towards sustainable development; out what needs to be done to ensure effective interaction. This issue needs attention in the process of operating the monetary policy and monetary policy of Vietnam, whereby it is necessary to be based on a scientific basis to choose which policies are mainstream and determine the impact dose of each tool. In each period, ensure consistency, synchronization, support, and information-sharing principles based on selecting implementation techniques to provide scientific and practicality towards the highest efficiency in coordination between two policies, especially in public debt management.

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