IJSES
Volume 10, Issue 5, pp. 135-141, 2026.
International Journal of Scientific Engineering and Science
ISSN (Online): 2456-7361

The Role of Institutional Reforms in Strengthening Private Sector-Led Economic Growth: Evidence from Vietnam

Nguyen Thu Thuy
Thuongmai University, Hanoi, Vietnam
Email address: nguyenthuthuy@tmu.edu.vn

***Abstract*—*This paper analyzes the impact of institutional reforms on enhancing the contribution of the private sector to Vietnam's economic growth during the period 1995-2024. The estimation results show that the contribution of the private sector is significantly influenced by institutional reforms and the effectiveness of the CPTPP. In the model, the interaction variable $D(PRIVATE(-1)) * CPTPP(-1)$ has a positive impact, indicating that the CPTPP acts as an important driver of institutional reforms, helping the private sector improve its competitiveness, expand its market, and positively contribute to economic growth. Therefore, the paper proposes several solutions to further create an environment for institutional reform to maximize the potential and strength of Vietnam's private sector.*

Keywords*—*Institutional reform, private sector, economic growth, Vietnam.

I. INTRODUCTION

In the process of economic reform and international integration, institutional reform is considered one of the fundamental drivers of economic growth and enhanced national competitiveness. According to the World Bank, institutional reform encompasses not only perfecting the legal system, improving the quality of public administration, and enhancing the effectiveness of policy implementation, but also building a transparent, competitive, and favorable business environment for the development of the business sector. In the context of Vietnam, institutional reform is closely linked to the transition to a socialist-oriented market economy and the process of deep integration through new-generation free trade agreements such as the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP).

The private sector is now identified as a crucial driver of Vietnam's economic growth. After nearly four decades of reform, this sector has made significant contributions to GDP, created jobs, and fostered innovation. Numerous studies indicate that the private sector is increasingly playing a central role in the economic restructuring process, expanding exports, and enhancing national competitiveness (Lam, 2026). However, the development of the private sector still faces many institutional barriers such as high compliance costs, limited access to capital and land, and a lack of consistency in policy implementation among different levels of management. This shows that institutional reform is not only a necessary condition for promoting economic growth but also a decisive factor in the long-term potential of the private sector (Trung et al., 2019).

The implementation of the CPTPP is considered a significant turning point in Vietnam's institutional reform process. This agreement not only creates opportunities to expand export markets but also puts pressure on improving the investment environment, enhancing transparency, and perfecting the legal framework to international standards. According to a World Bank report, the CPTPP has the potential to boost Vietnam's GDP growth through improved productivity, expanded trade, and stimulated domestic reforms. At the same time, recent studies also show that the impact of the CPTPP extends beyond trade, contributing to the restructuring of the institutional environment, thereby improving the efficiency of private enterprises and promoting linkages with global value chains (David et al., 2025).

Based on the above arguments, research on institutional reform and the role of the CPTPP in promoting the contribution of the private sector to Vietnam's economic growth has profound theoretical and practical significance. Academically, the research contributes to supplementing empirical evidence on the relationship between institutional reform, international economic integration, and economic growth in the context of transitional economies. Practically, the research results will provide a scientific basis for policy planning aimed at improving the institutional environment, enhancing the competitiveness of private enterprises, and more effectively exploiting international integration commitments in Vietnam's new development phase.

II. LITERATURE REVIEW

Research on the relationship between institutional reform, private sector development, and economic growth has attracted significant attention in development economics and institutional economics for decades. In his classical studies, Douglass North highlights the critical role that institutions play in lowering transaction expenses, protecting property rights, and encouraging investment, innovation, and long-term growth. From a new institutional economics approach, institutional reform is understood as the process of improving the legal system, enhancing public administration, increasing transparency, and creating a favorable business environment for private enterprise development. International empirical studies show that institutional quality is closely related to the

efficiency of resource allocation and economic growth rates, particularly in transitional economies (Lee, 2023).

In the context of Vietnam, the reform process since 1986 has paved the way for the development of the private sector through market liberalization and economic institutional reforms. However, many studies indicate that the institutional environment in Vietnam still faces significant barriers such as complex administrative procedures, informal costs, limited access to credit, and inequality in resource access between the private and public sectors. Angelino et al. (2020) argue that businesses in Vietnam have different perceptions of institutional barriers, reflecting the unevenness of the business environment across industries and localities. At the same time, Trung (2026) emphasizes that improving institutional quality is particularly important for private sector development and inclusive growth in Vietnam, as effective institutions help businesses reduce transaction costs and enhance competitiveness.

A significant recent research direction focuses on the role of international economic integration as a driving force for institutional reform. New-generation free trade agreements, particularly the CPTPP, are seen as mechanisms that exert strong reform pressure on the legal and economic governance environment in Vietnam. Lee (2023) argues that trade liberalization and institutional reform are linked to economic restructuring and improved market efficiency, thereby promoting long-term economic growth. Meanwhile, research by Tran et al. (2025) indicates that institutional reform indirectly impacts growth by promoting business activity and entrepreneurship in transitional economies like Vietnam.

At the enterprise level, recent studies show that the CPTPP not only expands market access opportunities but also promotes Vietnamese enterprises to improve operational efficiency, governance capacity, and the ability to participate in global value chains. A study by David et al. (2025) shows that although Vietnamese enterprises faced difficulties adjusting in the initial stages of CPTPP implementation, operational efficiency recovered quickly and improved significantly in subsequent years thanks to the impact of institutional reforms and trade expansion. Furthermore, studies on the CPTPP also confirm that trade integration contributes to promoting financial development, technological innovation, and improving the quality of growth in member countries (Vo et al., 2022).

Although numerous studies have individually analyzed institutional reform, the private sector, and economic growth, there remains a research gap regarding the mechanisms by which institutional reform through the CPTPP impacts the private sector's contribution to Vietnam's economic growth. Most previous studies have primarily approached the issue from a trade or business environment perspective, failing to clarify the interactive role between institutional reform and the private sector in the context of deep economic integration. Therefore, this study is significant in supplementing empirical evidence on the relationship between institutional reform, the private sector, and economic growth in the Vietnamese context, while also providing important policy implications for improving institutions and enhancing the driving role of the private sector in sustainable growth.

III. RESEARCH RESULTS

3.1. Data

Research data was collected from the World Bank (https://data.worldbank.org/) for the period from 1995 to 2024. The research variables are summarized in Table 1 below.

TABLE I. Research Variables

Variable name	Meaning
GDP	GDP per capita (current US$) – representing economic growth
PRIVATE	PPG (Public and Publicly Guaranteed) private creditors (NFL, US$) – representing the private sector's contribution to economic growth.
CPTPP	Dummy variables represent institutional reform.
PRIVATE*CPTPP	Interaction variables, describing the private sector's contribution under the impact of institutional reforms.

Source: Compiled by the author

3.2. Methodology

To analyze the contribution of the private sector to Vietnam's economic growth under the impact of institutional reforms, represented by policy reforms resulting from the implementation of the CPTPP in Vietnam from January 2029, the author uses the Autoregressive Distributed Lag (ARDL) model. This model was proposed by Pesaran, Shin & Smith (1996).

The mathematical form of the ARDL model used in this paper is:

$$D(GDP)_t = \alpha_0 + \sum_{i=1}^{m} \alpha_i D(GDP)_{t-i} + \sum_{i=1}^{m} \beta_i D(PRIVATE)_{t-i} + \sum_{i=1}^{m} \gamma_i D(PRIVATE * CPTPP)_{t-i} + u_t.$$

In this equation, D denotes the difference operator, $\alpha_i, \beta_i, \gamma_i$ are the regression coefficients, and u_t is the residual that is concurrently correlated but not lagged and not correlated with all independent variables. Therefore, the right-hand side of the regression equation consists of lagged variables of the independent variables, and here we can use the least squares estimation method.

The ARDL model estimation process can be summarized as follows:

- Step 1: Test the stationarity of the time series under study. If the series are not stationary, transform them to obtain stationary series before estimating the model.
- Step 2: Find the optimal parameters of the ARDL model, i.e., find the optimal lag orders for the variables in the model.
- Step 3: Perform ARDL model estimation.
- Step 4: Test for any defects in the ARDL model, including functional form testing; model stability testing; and autocorrelation testing of the residuals.
- Step 5: Perform cointegration testing to investigate the long-term equilibrium relationship between the variables under study.

Details on the ARDL model can be found in Chapter 17 of Gujarati (2004) and Nkoro and Uko (2016).

International Journal of Scientific Engineering and Science
Volume 10, Issue 5, pp. 135-141, 2026. ISSN (Online): 2456-7361

3.3. Empirical results

Descriptive statistics for the research variables are presented in Table 2.

TABLE II. Descriptive Statistics

	GDP	PRIVATE
Mean	17.13369	-0.733108
Median	12.66079	-0.890680
Maximum	47.63882	17.75379
Minimum	2.073616	-18.22879
Std. Dev.	14.44645	8.468578
Skewness	0.596215	0.252180
Kurtosis	2.037708	2.845996
Jarque-Bera	2.934866	0.347621
Probability	0.230517	0.840456
Sum	514.0106	-21.99323
Sum Sq. Dev.	6052.298	2079.787
Observations	30	30

Source: The author

The descriptive statistics table shows that the dataset of 30 observations of three variables, GDP, GFCE, and PRIVATE, exhibits different distribution characteristics and levels of variability. The GDP variable has a mean value of 17.13, while the median value is 12.66, indicating a slightly right-skewed distribution. This is reinforced by a positive Skewness coefficient of 0.596. The highest GDP value is 47.64 and the lowest is 2.07, reflecting a relatively large difference between observations. The standard deviation is 14.45, indicating strong variability around the mean. With a kurtosis value of 2.04, which is lower than 3, the distribution is somewhat flatter than the norm. The Jarque–Bera test has a probability value of 0.230 (> 0.05), therefore there is no basis to reject the hypothesis of a normal distribution. The variable PRIVATE has a negative mean (-0.73), while the median is -0.89, reflecting the general trend of the variable towards negative values during the study period. However, the range is quite wide, with the largest value being 17.75 and the smallest being -18.23. The standard deviation is 8.47, indicating a relatively large degree of variability. The slightly positive Skewness coefficient (0.252) suggests a slightly right-skewed distribution, while Kurtosis is 2.85, close to 3, implying a relatively close normal distribution. This is confirmed by the Jarque–Bera test with a probability of 0.840 (> 0.05), showing no statistical evidence to reject the normal distribution hypothesis of the variable PRIVATE. Overall, both variables have Jarque–Bera test probabilities greater than 0.05, indicating that the data do not violate the normal distribution assumption. This creates favorable conditions for the continued application of econometric models and regression methods in subsequent empirical analyses.

The trend of change in the growth variable and the contribution of the private sector is visualized in Figure 1.

The results of the stationarity test for the research variables are presented in Table 3.

The unit root test in Table 3 shows that the original variables are all non-stationary, but after taking the first-order difference, stationary variables are obtained, i.e., two variables have first-order cointegration, I(1). This is the first condition that shows the variables are suitable for ARDL model analysis.

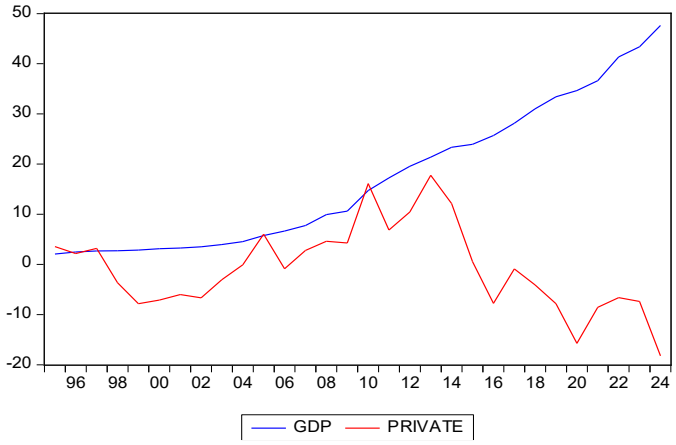

Fig. 1. GDP and PRIVATE graphs during the study period.
Source: The author

TABLE III. Results of stationarity testing of research variables

Variable	Augmented Dickey-Fuller		Phillips-Peron		Conclusion
	t-Statistic	Prob.	Adj. t-Stat	Prob.	
GDP					
Intercept	3.848	1.000	3.259	1.000	Non-station
Trend and intercept	-1.287	0.870	-1.287	0.870	Non-station
PRIVATE					
Intercept	-1.439	0.549	-1.436	0.550	Non-station
Trend and intercept	-1.576	0.777	-1.502	0.805	Non-station
D(GDP)					
Intercept	-3.067	0.040	-3.116	0.036	Station
Trend and intercept	-5.022	0.002	-5.050	0.001	Station
D(PRIVATE)					
Intercept	-5.379	0.0001	-5.414	0.0001	Station
Trend and intercept	-5.370	0.0009	-5.661	0.0004	Station

Source: The author

To select the optimal lag order, the author allowed the software to automatically perform ARDL model estimation multiple times with lags decreasing to 0. Among the estimated models, we selected the model with the smallest Hannan-Quin information standard cost. In this paper, the author tested lags up to a maximum of order 5 for the dependent variable and up to order 3 for the independent variables. The ARDL(2,2,1) model results are recommended as optimal according to the Hannan-Quin standard. Figure 2 below illustrates the standard for the 20 models with the best results, including the optimal model mentioned above.

The ARDL model estimation results(2,2,1) are presented in Table 4.

The regression results show that the model uses the difference variables of GDP, PRIVATE, and the interaction variable D(PRIVATE(−1))*CPTPP(−1). At a statistical significance level of 10% (p<0.1), three variables are statistically significant: D(GDP(−2)), D(PRIVATE(−2)), and the interaction variable D(PRIVATE(−1))*CPTPP(−1).

International Journal of Scientific Engineering and Science
Volume 10, Issue 5, pp. 135-141, 2026. ISSN (Online): 2456-7361

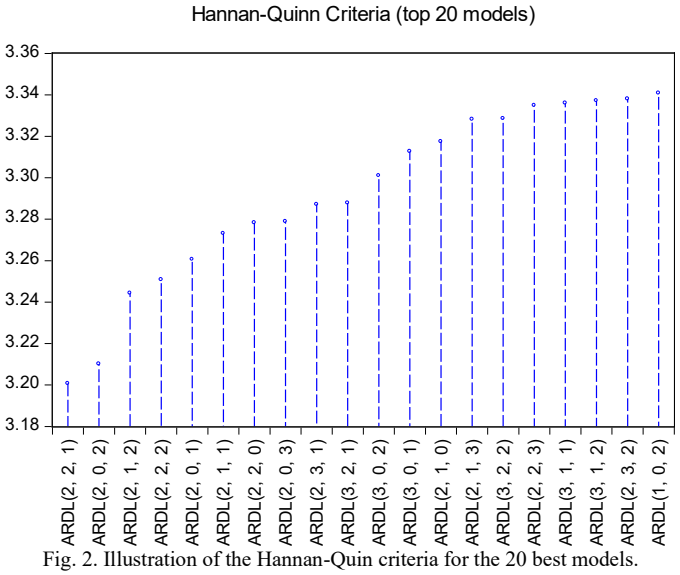

Fig. 2. Illustration of the Hannan-Quin criteria for the 20 best models.
Source: The author

TABLE IV. ARDL model estimation results(2,2,1)

Variable	Coefficient	Std. Error	t-Statistic	Prob.*
D(GDP(-1))	0.135859	0.193358	0.702630	0.4908
D(GDP(-2))	0.717200	0.208427	3.441015	0.0027
D(PRIVATE)	0.058282	0.035650	1.634837	0.1185
D(PRIVATE(-1))	0.049145	0.039003	1.260029	0.2229
D(PRIVATE(-2))	-0.060509	0.034220	-1.768208	0.0931
D(PRIVATE)*CPTPP	-0.012789	0.077085	-0.165902	0.8700
D(PRIVATE(-1))*CPTPP(-1)	0.161907	0.087431	1.851823	0.0797
C	0.458756	0.346774	1.322925	0.2016

Source: The author

The variable D(GDP(−2)) has a regression coefficient of 0.7172 with a p-value of 0.0027 < 0.01, indicating that this variable is highly statistically significant. The positive coefficient implies that past GDP growth (lagged by 2 periods) has a positive impact on the current dependent variable. Specifically, when D(GDP(−2)) increases by 1 unit, the dependent variable will increase by an average of approximately 0.717 units, assuming other factors remain constant.

Regarding the mechanism of impact, GDP growth typically reflects the expansion of production scale, increased aggregate demand, improved income, and promotion of capital accumulation in the economy. These impacts do not appear immediately but require a certain time lag to spread to other sectors of the economy. After about two periods, the effects of growth such as expanded investment, increased consumption, improved labor productivity, and enhanced market confidence fully manifest. This explains why GDP lags two periods more significantly than GDP lag one period. Furthermore, in the context of deep economic integration, GDP growth also facilitates business expansion, improves access to credit, and promotes technological innovation, thereby positively impacting the dependent variable of the model.

The variable D(PRIVATE(−2)) has a negative coefficient of −0.0605 with a significance level of p = 0.0931 < 0.1. This result shows that the private economic sector at a two-period lag has an inverse effect on the dependent variable. That is, when the PRIVATE variable increases by 1 unit in the two-period lag, the current dependent variable tends to decrease by about 0.061 units.

This negative impact mechanism can be explained from several perspectives. Firstly, the rapid expansion of the private sector in the short term may lead to inefficient resource allocation, especially given that Vietnamese private enterprises are primarily small and medium-sized, with limited management capacity and a heavy reliance on borrowed capital. When the private sector grows too rapidly, competitive pressure for labor, capital, and raw materials can increase production costs and reduce the overall efficiency of the economy. Secondly, the negative impact with a two-period lag reflects the potential for "adjustment costs" during the expansion of private enterprises. Before market changes can have a positive economic impact, companies must first have time to adjust, invest in technology, and improve their management methods. Thirdly, in a context where institutions and business environments are not yet fully synchronized, expanding the private sector sometimes leads to unhealthy competition or scattered investment, thereby creating a counterproductive impact in the short term.

Notably, the interaction variable D(PRIVATE(−1))*CPTPP(−1) has a positive coefficient of 0.1619 with a p-value of 0.0797 < 0.1, indicating that the impact of the private sector becomes more positive in the context of CPTPP implementation. This implies that when CPTPP is implemented, the increased activity of the private sector is likely to boost the dependent variable more strongly than before.

Regarding the mechanism of impact, the CPTPP creates a more open trade and investment environment through tariff reductions, expanded market access, and enhanced institutional transparency. This gives private businesses the opportunity to expand exports, participate more deeply in global value chains, and access modern technology. At the same time, the institutional reform commitments in the CPTPP also create pressure to improve the quality of the business environment, thereby supporting the private sector to operate more effectively. Unlike the isolated negative impact of PRIVATE with a two-period lag, the interaction variable shows that with the support of international economic integration, the private sector can transform resources into positive growth drivers. In other words, the CPTPP acts as a regulator, helping to alleviate the inherent limitations of private businesses and amplify the positive impacts of this sector on the economy.

The remaining variables, including D(GDP(−1)), D(PRIVATE(−1)), D(PRIVATE), and D(PRIVATE)*CPTPP, all have p-values > 0.1. Therefore, there is insufficient basis to conclude that they have a statistical impact on the dependent variable in the research model. However, the signs of the coefficients still provide reference information about the trend of the variables' impact in the short term.

Overall, the regression results show that the dynamic factors of GDP growth and the regulatory role of the CPTPP are significant in leveraging the impact of the private sector. This implies that to improve economic efficiency, it is

necessary to maintain stable growth while continuing to improve institutions, enhance the business environment, and effectively utilize international integration commitments to improve the competitiveness of Vietnamese private enterprises.

TABLE V. LM test for autocorrelation of residuals in the ARDL model.

Breusch-Godfrey Serial Correlation LM Test:			
F-statistic	0.555035	Prob. F(2,17)	0.5841
Obs*R-squared	1.654983	Prob. Chi-Square(2)	0.4371

Source: The author

The test results in Table 5 show that all probability levels are greater than 0.05, so we accept the null hypothesis H_0 that the residuals of the model do not suffer from autocorrelation. In addition, the Ramsey RESET function form test results in Table 6 indicate that the function form is appropriate.

TABLE VI. Results of functional form testing

	Value	**df**	**Probability**
t-statistic	1.519944	18	0.1459
F-statistic	2.310231	(1, 18)	0.1459

Source: The author

The model stability test was performed using the cumulative sum of residuals and the squared residuals. The results in Figures 3 and 4 both show that the cumulative sum of residuals and the squared residuals fall within the standard range corresponding to a 5% significance level, so it can be concluded that the residuals of the model are stable, and therefore the model is stable.

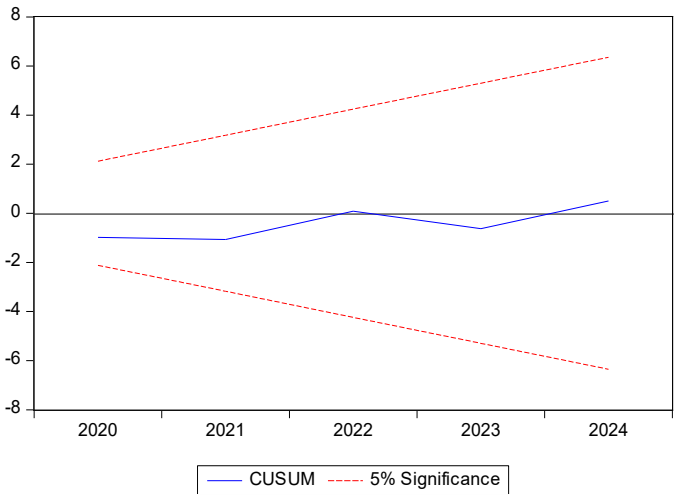

Fig. 3. Cumulative Sum of Recursive Residuals

Source: The author

Next, to investigate the long-term equilibrium relationship between the variables, we perform the cointegration test as shown in Table 7.

In the cointegration test, the negative but statistically insignificant cointegration regression coefficients indicate the absence of a cointegration relationship between the variables. This means that the current data suggests there is no long-term equilibrium relationship between the variables. The absence of a long-term equilibrium relationship between the variables in the model can be explained from both economic theory and the practical characteristics of the Vietnamese economy during the study period. In econometrics, when variables are not cointegrated, it implies that although they may interact in the short term, they do not move together in a stable trend to return to a long-term equilibrium state after economic shocks. In other words, a change in one variable does not create a sufficiently strong adjustment mechanism for the other variables to converge to a common long-term equilibrium trajectory.

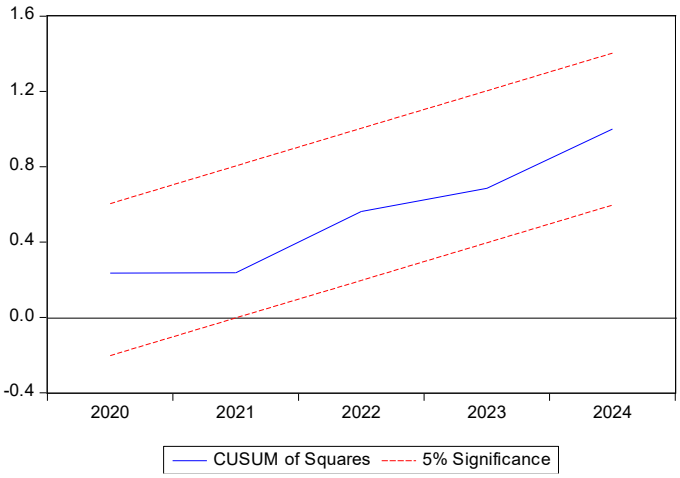

Fig. 4. Cumulative Sum of Recursive Residuals of Squares

Source: The author

TABLE VII. Results of testing the long-term equilibrium relationship between variables

Cointegrating Form				
Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
D(GDP(-1), 2)	-0.717200	0.208427	-3.441015	0.0027
D(PRIVATE, 2)	0.058282	0.035650	1.634837	0.1185
D(PRIVATE(-1), 2)	0.060509	0.034220	1.768208	0.0931
D(CPTPP * D(PRIVATE))	-0.012789	0.077085	-0.165902	0.8700
CointEq(-1)	-0.146941	0.209962	-0.699847	0.4925

Source: The author

Firstly, a significant reason may stem from the highly transformative and volatile nature of the Vietnamese economy during the integration period. Variables such as GDP, the private sector, and the impact of the CPTPP are all heavily influenced by institutional reforms, global economic fluctuations, changes in trade policy, and international investment flows. In this context, economic relationships tend to be short-term and adaptable rather than forming a stable, long-term structure. This is especially true for developing economies, where the institutional environment and market structure are constantly changing.

Secondly, the private sector in Vietnam is still developing and has not yet reached sufficient maturity to create a stable long-term link with economic growth or other macroeconomic variables. The majority of private enterprises are small and medium-sized, with limited financial capacity, dependent on bank credit, and vulnerable to market shocks. Therefore, the impact of the private sector is often short-term or cyclical

rather than creating a sustainable long-term growth driver. This explains why the model may record significant impacts at short lags but fails to find long-term equilibrium between the variables.

Thirdly, the nature of the CPTPP may also be a reason why the long-term relationship has not yet been clearly established. Free trade agreements typically have phased impacts and depend heavily on the absorption capacity of domestic businesses. In the short term, the CPTPP may boost exports, investment, and private sector activity through tariff preferences and market expansion. However, to form a balanced long-term relationship, the economy needs more time to restructure supply chains, improve labor productivity, and enhance institutional quality. If the study period is relatively short after the CPTPP comes into effect, the long-term impact may not be strong enough to be demonstrated through cointegration testing.

Fourth, the absence of long-term equilibrium may also reflect a lack of synchronization in policy transmission mechanisms. For example, GDP growth may be driven more by public investment, exports, or the FDI sector than by the domestic private sector. When growth drivers are not uniform, the volatility of PRIVATE will struggle to maintain a stable correlation with GDP or other economic variables in the long term. Simultaneously, changes in fiscal, monetary, and legal policies over time also make economic relationships unstable.

Furthermore, from a methodological perspective, the failure to detect cointegration may stem from data limitations such as a small number of observations, an insufficient study period, or the presence of structural shocks like the COVID-19 pandemic, the global economic crisis, or sudden policy changes. These factors can disrupt the long-term trends of variables and make it difficult to detect equilibrium relationships. However, the absence of a long-term equilibrium relationship between variables does not mean that the variables are unrelated, but rather indicates that the main impacts occur in the short term and are strongly influenced by the economic context, institutions, and international integration. This implies that policies promoting the private sector and leveraging the CPTPP need to be maintained more consistently, synchronously, and over the long term to gradually form sustainable linkages within the economy.

IV. Conclusion and Implications

The empirical results show that economic growth, the private sector, and institutional reforms through the CPTPP have a significant interactive relationship with Vietnam's economic development process. In particular, the positive impact of the interaction between the private sector and the CPTPP reflects the role of institutional reforms in improving the operational efficiency of private enterprises. Based on these results, the study proposes several policy implications to promote endogenous growth, enhance the role of the private sector, and further improve market economic institutions in the context of deep international integration.

To stimulate endogenous economic growth, Vietnam needs to focus on improving total factor productivity through innovation, developing high-quality human resources, and promoting the application of technology in production. Regression results show that past GDP growth has a positive spillover effect on the economy in subsequent periods, implying that sustainable growth momentum needs to be built from the economy's internal capacity. Accordingly, the State needs to prioritize investment in education, digital infrastructure, and research and development to create a foundation for the transformation of the growth model towards greater depth. Simultaneously, it is necessary to strengthen linkages between the business sector, research institutes, and training institutions to improve the efficiency of technology transfer and develop a national innovation ecosystem. Promoting high value-added economic sectors and encouraging the development of the digital economy will also contribute to enhancing the resilience and self-reliance of the economy in the context of increasingly fierce global competition.

For the private sector, supportive policies are needed to enhance competitiveness, access to resources, and corporate governance efficiency. Research shows that the private sector may experience adverse short-term impacts due to limitations in governance capacity, technology, and adaptability to market fluctuations. Therefore, the State needs to strengthen support programs for small and medium-sized enterprises (SMEs) in accessing credit, digital transformation, technological innovation, and human resource training. Simultaneously, it is necessary to encourage the formation of large-scale private enterprises capable of leading value chains and participating more deeply in global production networks. Promoting linkages between private enterprises, FDI, and state-owned enterprises is also crucial in disseminating technology, management expertise, and expanding markets. Through this, the private sector will gradually become the central driving force of national economic growth.

Regarding institutional reform, it is necessary to continue improving the business environment towards transparency, stability, and compliance with international integration commitments, especially the CPTPP. Regression results show that the interaction between the private sector and the CPTPP has a positive impact on economic growth, reflecting the regulatory role of institutional reform in promoting the effectiveness of the private sector. Therefore, Vietnam needs to continue simplifying administrative procedures, improving the efficiency of law enforcement, and reducing compliance costs for businesses. At the same time, it is necessary to strengthen the protection of property rights, ensure fair competition, and improve transparency in economic policy planning. Fully implementing the institutional standards under the CPTPP will not only enhance investor confidence but also create incentives for private enterprises to innovate technology, improve product quality, and expand into international markets. This will be a crucial foundation for improving the quality of growth and the competitiveness of the Vietnamese economy in the long term.

In summary, institutional reform is an essential requirement to effectively promote the role of the private sector in the country's economic development process. In the context of increasingly deep international economic integration, building a transparent, stable, and favorable institutional environment will create conditions for private enterprises to enhance their competitiveness, promote innovation, and contribute more strongly to Vietnam's sustainable economic growth.

REFERENCES

[1] Angelino, A. & Tassinari, M. & Barbieri, E. & Tommaso, M. D., "Institutional and economic transition in Vietnam: Analysing the heterogeneity in firms' perceptions of business environment constraints". *Competition & Change*. 25. 102452942093946. 10.1177/1024529420939461, 2020.

[2] David K. D., Jiali F., Phuc V. N., Udomsak, W., "Growing pains: Vietnamese firms' operational efficiency and transition under the CPTPP", *Emerging Markets Review*, vol. 69, 101379, https://doi.org/10.1016/j.ememar.2025.101379, 2025.

[3] Gujarati, D. N., "Basic Econometrics", *Gary Burke*, New York, 2024

[4] Lam, N. V., "Strengthening Vietnam's private sector legal framework: Institutional breakthroughs and sustainable development directions", *Cadernos De Dereito Actual*, *31*, 305-335. https://cadernosdedereitoactual.es/index.php/cadernos/article/view/1452, 2026.

[5] Lee, W., "Trade liberalization, distributional coalitions and economic growth: A case of Vietnam", *Sustainability,* 15(14), 10883, 2023.

[6] Nkoro, E. & Uko, A. K., "Autoregressive Distributed Lag (ARDL) cointegration technique: application and interpretation", *Journal of Statistical and Econometric Methods*, vol.5, no.4, 63-91, 2016.

[7] Pesaran, M. H.; Shin, Y. & Smith, R. J., "Testing for the Existence of a Long-run Relationship", *Working paper*, 1996.

[8] Tran, T.; Pham, N. & Le, Q., "Vietnam in Transition: The Nexus of Institutions, Entrepreneurship, and Economic Growth", *SAGE Open,* 15. 10.1177/21582440251369579, 2025.

[9] Trung, P. N., "Factors Affecting Private Economic Development in the Contextof Economic Institutional Reform in Vietnam: AnEmpirical Study", *Journal of Business Management and Economic Development*, vol. 4, no. 01, 113-133, DOI: https://doi.org/10.59653/jbmed.v4i01.2217, 2026.

[10] Trung X. Hoang & Cong S. Pham & Mehmet A. Ulubaşoğlu, "Institutions for private sector development and pro-poor growth: Evidence from Vietnam, Economics of Transition and Institutional Change", *John Wiley & Sons*, vol. 27(3), 699-728, 2019

[11] Vo, D. H.; Tran, Q.; Tran, T., "Economic growth, renewable energy and financial development in the CPTPP countries", *PLoS One*. Jun 16;17(6):e0268631. doi: 10.1371/journal.pone.0268631, 2022.