

BASIC THEORETICAL ISSUES ON INSTITUTIONS

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Abstract: The concept of the “institution” has emerged as a focal point of societal discourse, carrying profound theoretical and practical weight across all sectors of society. This is particularly salient in the current climate, where institutional reform is recognized as a strategic catalyst for national development. This article examines the foundational theoretical underpinnings of institutions, tracing the evolution of institutional theory and analyzing its core concepts, characteristics, functions, and classifications. Furthermore, it evaluates the pivotal role of institutions in advancing social progress and offers policy recommendations for institutional refinement to facilitate national development in the modern era.

Keywords: Institution; social development; new era

NHỮNG VẤN ĐỀ LÝ LUẬN CƠ BẢN VỀ THỂ CHẾ

Tóm tắt: Thể chế là một trong những chủ đề được toàn bộ xã hội quan tâm, bởi nó đề cập đến tất cả các chủ thể trong xã hội, có ý nghĩa lý luận và thực tiễn quan trọng, đặc biệt trong bối cảnh cải cách thể chế được xem là một trong những đột phá của phát triển đất nước. Bài viết này góp phần tìm hiểu những vấn đề lý luận cơ bản về thể chế, bao gồm khái quát quá trình hình thành và phát triển lý thuyết về thể chế, quan niệm, đặc trưng, chức năng, phân loại, vai trò và ý nghĩa của thể chế trong phát triển xã hội và đưa ra các khuyến nghị về hoàn thiện thể chế phục vụ phát triển đất nước trong kỷ nguyên mới.

Từ khoá: Thể chế; phát triển xã hội; kỷ nguyên mới

Introduction

Throughout the evolution of the social sciences and humanities, the “institution” has remained a foundational concept, reflecting the mechanisms through which society organizes and maintains order, power, and the core values of collective life. However, despite its widespread application across disciplines, ranging from political science and economics to jurisprudence, sociology, and public administration, the concept continues to be defined by a plurality of interpretations and conceptual frameworks. This divergence underscores the pressing need for a systematic, interdisciplinary analysis of the fundamental theoretical underpinnings of institutions.

In an era of radical global shifts driven by globalization, digital transformation, the Fourth Industrial Revolution, and non-traditional security threats, the role of institutions is increasingly recognized as a determinative factor in governance efficacy and national developmental capacity. Comparative international scholarship - most notably the work of Douglass North, Francis Fukuyama, and Daron Acemoglu and James A. Robinson - has demonstrated that the disparities between developed

and developing nations stem primarily from institutional quality rather than a mere abundance of natural resources or geographic positioning.

For Vietnam, as it navigates the construction of a socialist rule-of-law state, the refinement of a socialist-oriented market economy, and the advancement of socialist democracy, institutional issues have become both pivotal and time-sensitive. Research into the foundational theory of institutions not only clarifies their nature, structure, and functional interrelationships but also provides an empirical basis for the architecture, reform, and operation of the national institutional framework in this new era.

Consequently, the study of institutions holds both academic merit and significant pragmatic utility in formulating national development paradigms, enhancing administrative capacity, upholding the rule of law, and advancing human and civil rights. A comprehensive, multidimensional inquiry into institutions will establish a robust scientific knowledge base to guide the ongoing overhaul and refinement of

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Vietnam's institutional system in alignment with contemporary global development trends.

1. Overview of the formation and development of institutional theory

The concept of the "institution" traces its origins to antiquity, most notably in the work of Aristotle, who characterized the "political institution" as the formal embodiment of a just order within the *polis* (city-state)¹. However, institutionalism as a systematic theoretical framework did not fully coalesce until the 20th century, gaining significant traction within the spheres of political science, economics, and jurisprudence. The evolution of institutional theory can be delineated into four primary phases, each reflecting a distinct methodological focus: (i) Old Institutionalism; (ii) Behavioral and Post-Behavioral Institutionalism; (iii) New Institutionalism; and (iv) Contemporary interdisciplinary frameworks, which encompass historical, rational choice, sociological, and legal-normative institutionalism.

1.1. Old institutionalism

Emerging in the late 19th and early 20th centuries, "Old Institutionalism" focused primarily on the formal structures of the state and political organization. Prominent proponents included Woodrow Wilson, Frank J. Goodnow, A.V. Dicey, and Max Weber. The defining tenets of this approach include: (i) An emphasis on formal institutions such as constitutions, state organs, political parties, and administrative apparatuses; (ii) The conceptualization of institutions as stable organizational frameworks that govern political and legal behavior; and (iii) A reliance on descriptive and legal-normative methodologies, often to the neglect of individual agency and broader social variables. As Woodrow Wilson famously posited, the study of administrative institutions is essential to "understand the operating mechanism of modern democratic government"². Although primarily descriptive and static, Old Institutionalism laid the foundational

¹ Aristotle, *Politics*, bk. III, at 127–130 (Benjamin Jowett trans., Oxford Univ. Press 1885).

² Woodrow Wilson, *The Study of Administration*, *Political Science Quarterly*, Vol. 2, No. 2/1887, p. 197-222.

framework for empirical political science and modern rule-of-law theory.

1.2. From Behavioralism to New institutionalism

Following the Second World War, "Behavioralism" gained prominence in political science, shifting the analytical focus from "institutions" to individual agency and political psychology. Scholars such as David Easton and Gabriel Almond argued that institutions served merely as an inert "context," while human behavior constituted the true engine of political activity³. By the late 1970s, however, Behavioralism faced significant criticism for its tendency to minimize the importance of structural and cultural dimensions. This intellectual friction paved the way for "New Institutionalism", a movement that sought to reassert the primacy of institutions while broadening the methodological foundations of the field.

1.3. New institutionalism

The term "New Institutionalism" gained widespread currency through the foundational works of James G. March and Johan P. Olsen (*Rediscovering Institutions: The Organizational Basis of Politics*, 1984) and Douglass C. North (*Institutions, Institutional Change and Economic Performance*, 1990). New Institutionalism posits that "institutions are not merely organizational structures but also systems of rules, norms, beliefs, and cognitive frameworks that shape human behavior"⁴. Compared to its predecessor, New Institutionalism is characterized by three distinctive features: (i) Dynamism and evolution: institutions are seen as fluid entities that adapt over time to historical shifts and social contingencies; (ii) Multidimensionality: Institutions encompass both formal legal dictates and informal social conventions; and (iii) Profound cognitive influence: institutions do not merely constrain human action but actively shape cognition and value systems. New Institutionalism subsequently branched into three primary schools of thought:

³ Gabriel A. Almond, *A Developmental Approach to Political Systems*, *World Politics*, Vol. 17, No. 2/1965, p. 183-214.

⁴ James G. March, Johan P. Olsen, *Rediscovering Institutions: The Organizational Basis of Politics*, Free Press, 1989, p. 23-25.

1.3.1. Rational Choice Institutionalism

This approach conceptualizes institutions as the outcomes of strategic choices made by rational actors seeking to maximize utility within a defined set of constraints. Key scholars include Kenneth Shepsle, Barry Weingast, and Terry Moe. Utilizing analytical tools derived from game theory and institutional economics, this school argues that institutions function to reduce transaction costs, curb opportunistic behavior, and maintain social equilibrium.

1.3.2. Historical Institutionalism

This paradigm views institutional formation and change as a cumulative process governed by “path dependence”. As articulated by Thelen and Steinmo, institutions simultaneously constrain actor choices and generate recurrent patterns of behavior over time⁵. The strength of this school lies in its ability to account for both institutional stability and inertia, while acknowledging the mechanisms of incremental transformation.

1.3.3. Sociological Institutionalism

According to Meyer and Rowan, institutions are not merely instrumental, but rather systems of symbols and meaning generated through social interaction⁶. Individuals and organizations comply with institutional mandates not solely for instrumental gain, but to conform to social norms, values, and expectations of “legitimacy”. This approach emphasizes the “logic of appropriateness”, a concept distilled by March and Olsen: individuals act in accordance with institutional norms because “it is what is expected” rather than simply because “it is beneficial”⁷.

1.4. Contemporary interdisciplinary approaches

In recent decades, institutional theory has trended toward increasing interdisciplinarity, integrating insights from political science, jurisprudence, economics, sociology, and,

more recently, science and technology. Notable contemporary developments include: (i) New Institutional Economics, pioneered by Douglass North and Oliver Williamson, which underscores the role of transaction costs and property rights in economic growth⁸; (ii) Legal Institutionalism, which reaffirms the role of law as the “normative foundation” that confers legitimacy upon social institutions⁹; and (iii) Digital Institutionalism, which analyzes the disruptive impacts of artificial intelligence, big data, and digital platforms on institutional structures and the exercise of power¹⁰.

The diversification of these approaches underscores the multifaceted significance of institutions: (i) Institutions represent the “deep structure” of social life rather than merely the formal trappings of power; (ii) Effective institutional analysis requires a synthetic, interdisciplinary perspective that accounts for normative, behavioral, historical, and cultural variables; and (iii) Institutional reform must be grounded in a rigorous scientific understanding of institutional dynamics rather than superficial structural restructuring. Consequently, institutional theory has emerged as a cornerstone of public governance, policy analysis, rule-of-law initiatives, and the pursuit of sustainable development.

2. Conceptions of institutions

Today, the social sciences encompass different viewpoints and, correspondingly, different definitions of institutions. In general terms, however, the concept of “institution” is most widely employed in such fields as economics, political science, sociology, and legal science. Below are the principal conceptions of institutions in the respective fields.

First, in the broad sense, institutions are the “rules of the game” of society

One of the most influential definitions of institutions is that of Douglass C. North, the recipient of the 1993 Nobel Prize in Economics. He argues that “Institutions are the

⁵ Kathleen Thelen, Sven Steinmo, *Structuring Politics: Historical Institutionalism in Comparative Analysis*, Cambridge University Press, 1992, p. 10-15.

⁶ John W. Meyer, Brian Rowan, “Institutionalized Organizations: Formal Structure as Myth and Ceremony”, *American Journal of Sociology*, Vol. 83, No. 2/1977, p. 340-363.

⁷ James G. March, Johan P. Olsen, *The Logic of Appropriateness*, University of Oslo Working Paper, 2004, p. 3-5.

⁸ Oliver E. Williamson, *The Economic Institutions of Capitalism*, Free Press, 1985, p. 30-35

⁹ Neil MacCormick, *Institutions of Law: An Essay in Legal Theory*, Oxford University Press, 2007, p. 19-24.

¹⁰ Noveck, Beth Simone, *Solving Public Problems: How to Fix Our Government and Change Our World*, Yale University Press, 2021, p. 98-104.

*rules of the game in a society or, more formally, are the humanly devised constraints that shape human interaction; they structure incentives in human exchange, whether political, social, or economic*¹¹. From North's viewpoints, institutions include formal rules (constitutions, laws, regulations) and informal rules (norms, customs, morality), together with enforcement mechanisms. This definition is now regarded as "classic" and is widely used in research on institutional development, the rule-of-law state, and public governance.

Second, from the perspective of political science, institutions constitute a system of rules organizing power

Samuel P. Huntington defines institutions as "Stable, valued, recurring patterns of behavior, structured around shared values and goals of society"¹². He emphasizes that the function of institutions is to stabilize power, create political order, and enhance predictability in the actions of political actors. Thus, institutions are not merely rules; they also reflect the degree of standardization and stability of behavior in political life.

Third, in sociology, institutions are enduring social patterns

Anthony Giddens defines institutions as "enduring features of social life, structured around fundamental activities or relationships, and serving to regulate human behavior"¹³. In this sense, institutions include such arrangements as family, religion, education, law, and the state - regarded as foundations for maintaining order and reproducing society.

Fourth, in legal science, institutions are the organizational and normative framework governing the organization and exercise of state power and social relations

Legal institutions are commonly understood as the totality of rules, regulations, and organizational mechanisms for exercising state power, ensuring that power is limited,

allocated, coordinated, and controlled. In Vietnam, the term "institution" is often used in a narrower sense to refer to the system of legal documents and enforcement bodies; however, in contemporary academic research, "institution" carries a broader meaning, encompassing legal, organizational, and political-cultural elements.

On the basis of a modern, interdisciplinary approach, we believe that *an institution is a system of rules, norms, institutional arrangements, methods, and mechanisms that regulates social behavior that are established by humans to shape and control relations of power, interests, and the general order of society*. This is a general and interdisciplinary conception used in economics, political science, sociology, and legal science, reflecting the "deep structure" of social life - where human behavior is constrained, incentivized, and oriented by rules recognized by society.

3. Characteristics and general functions of institutions

3.1. Characteristics of institutions

Institutions are a distinctive socio-political phenomenon, therefore, they have fundamental characteristics that reflect their nature, role, and operational mechanisms in social life.

(i) Rule-based character

Every institution is constituted by a system of rules, norms, regulations, and values that social actors are required to comply with. According to W. Richard Scott, institutions operate on 03 pillars: The *regulative pillar* (rules and sanctions), the *normative pillar* (values and obligations), and the *cognitive pillar* (beliefs and socially recognized knowledge)¹⁴. The rule-based character turns institutions into "templates for action" that rationally orient conduct in recurring situations¹⁵ and generate a predictable order in social relations. The foundation of institutions lies in social needs¹⁶.

(ii) Durability and relative stability

Institutions tend to remain stable over long periods because they are linked to

¹¹ Douglass C. North, *Institutions, Institutional Change and Economic Performance*, Cambridge University Press, 1990, p. 3.

¹² Samuel P. Huntington, *Political Order in Changing Societies*, Yale University Press, 1968, p. 12-24.

¹³ Anthony Giddens, *The Constitution of Society: Outline of the Theory of Structuration*, University of California Press, 1984, p. 24-28.

¹⁴ W. Richard Scott, *Institutions and Organizations: Ideas, Interests, and Identities*, Sage Publications, 2014, p. 55-60.

¹⁵ Vo Khanh Vinh, *Sociology of Law: Theory and Practice*, Justice Publishing House, Hanoi, 2013, p. 179.

¹⁶ Vo Khanh Vinh, *ibid*, p. 179.

structures of power, values, and social beliefs. According to Thelen and Steinmo, institutional durability is reflected in the capacity to “maintain a behavioral framework across generations, even when actors change”¹⁷. However, durability does not mean immutability. Institutions may adapt or transform as economic, social, and technological environments change. This is a dynamic feature of modern institutions.

(iii) Social coerciveness

Every institution has mechanisms to secure compliance. These may take the form of legal coercion (in legal institutions) or moral and customary coercion (in social institutions). According to Max Weber, the strength of institutions is in the “legitimacy” recognized by society, which makes compliance a natural human obligation¹⁸. Thus, institutions not only compel from the outside but also internalize norms, leading people to act in conformity even without direct coercion.

(iv) Structural and systemic character

Institutions constitute structured social systems composed of multiple elements including norms, agencies, procedures, and culture which are organically interconnected. According to Anthony Giddens, institutions are “both the medium and the outcome of social action”. They are created by humans, yet they simultaneously shape human behavior¹⁹. This demonstrates the bidirectional nature of institutions: They reproduce order while also opening possibilities for social change through reform and innovation.

(v) Normativity

Institutions are normative in nature. For the State, this includes the Constitution, codes, laws, and other legal normative documents. For business, it includes economic law, business ethics and culture, and contracts. For wage-earners, it includes wage regimes, reward-and-discipline systems, job positions, and titles. Normativity, together with a system of sanctions, ensures the encouragement of expected behavior and the prevention of deviant conduct²⁰.

¹⁷ Kathleen Thelen, Sven Steinmo, op. cit., p. 7-12.

¹⁸ Max Weber, *Economy and Society*, University of California Press, 1978, p. 31-35.

¹⁹ Anthony Giddens, op. cit., p. 25-28.

²⁰ Vo Khanh Vinh, op. cit., p. 180.

3.2. General functions of institutions

Institutions perform many essential functions in socio-political life and constitute the foundation for national stability and sustainable development. They are:

(i) Regulating social behavior

Institutions set standards of conduct and define what is lawful or morally acceptable, thereby regulating relations among individuals, organizations, and the State. In North’s view, this is the most fundamental function of institutions: “reducing uncertainty by providing a structure for human interaction”²¹.

(ii) Allocating and controlling power

Institutions determine who holds power, how that power is exercised, and how it is controlled. In a rule-of-law State, institutions ensure the principles of assignment, coordination, and control among legislative, executive, and judicial bodies, while safeguarding and protecting human rights and citizens’ rights. This function lies at the core of political-legal institutions in modern power systems.

(iii) Maintaining social order and stability

Institutions help form shared expectations about behavior, thereby reducing conflict and maintaining peace and stability. Durkheim describes institutions as the “invisible bonds linking individuals within a moral-social community”²². Thanks to institutions, society can exist as an organized whole rather than merely a collection of fragmented actions.

(iv) Orienting and legitimizing action

Institutions provide a value framework and legitimacy for the actions of individuals and organizations. Decisions by the State, enterprises, or communities can be socially accepted only when undertaken within the boundaries of lawful institutions. March and Olsen argue that institutions shape the “logic of appropriateness” – it means behavior is regarded as proper not because it is beneficial, but because it accords with institutional norms²³.

(v) Promoting development and innovation

Institutions facilitate creativity, competition, and sustainable development through a stable,

²¹ Douglass C. North, op. cit., p. 3-5.

²² Emile Durkheim, *The Rules of Sociological Method*, The Free Press, 1982 (1895), p. 53-57.

²³ James G. March, Johan P. Olsen, op. cit., p. 23-27.

transparent, and predictable framework. Countries with transparent, accountable, and inclusive institutions often achieve higher levels of development than those with extractive institutions²⁴. Therefore, institutional reform becomes a core requirement in contemporary socio-economic development.

From the above analyses, it can be affirmed that: *Institutions constitute a durable system of rules and social mechanisms that shape and regulate human behavior, ensuring order, stability, legitimacy, and the development of the community.* In the context of globalization and digital transformation, institutions are not only a “static structure” but also a society’s “adaptive capacity,” reflecting the level of civilization, the rule of law, and democracy of each nation.

4. Classification of institutions

Institutions may be classified in different ways depending on applied criteria. Each classification has its own theoretical and practical significance, contributing to clearer understanding and more effective use in designing and implementing institutions.

First, classified by the basic spheres of social life

(i) Political institutions

Political institutions are understood as “a system of rules, organizations, and norms governing the acquisition, exercise, and control of political power in society”²⁵. According to Robert A. Dahl, political institutions are “a set of socially recognized rules and structures ensuring collective decision-making, while maintaining order and the legitimacy of power”²⁶. In modern states, political institutions include: The Constitution, the legislature, the Government, the judiciary, political parties, socio-political organizations, and electoral mechanisms. The primary functions of political institutions are: Allocating and limiting power; ensuring legitimacy and accountability; and establishing a framework for citizens’ participation in political life.

²⁴ Daron Acemoglu, James A. Robinson, *Why Nations Fail: The Origins of Power, Prosperity, and Poverty*, Crown Business, 2012, p. 74-80.

²⁵ Scott, W. Richard, op. cit., p. 56-58.

²⁶ Robert A. Dahl, *Polyarchy: Participation and Opposition*, Yale University Press, 1971, p. 2-7.

(ii) Legal institutions

Legal institutions are the system of norms, principles, bodies, and procedures that regulate human conduct in accordance with legal standards, ensuring justice and social order. According to Neil MacCormick, legal institutions are not merely a system of rules, but also social institutions that secure the application and enforcement of law²⁷. In Vietnam, legal institutions include: The National Assembly and legislative bodies, the Government and executive agencies, the Courts, the Procuracy, together with institutions for the protection of human rights and citizens’ rights. Legal institutions play a central role in a rule-of-law state, as they ensure that all state power is limited by law and that all individuals and organizations are equal before the law

(iii) Economic institutions

Economic institutions are “a set of formal and informal rules regulating the conduct of economic actors, providing a framework for transaction and production”²⁸, studied by Douglass North. These institutions include: Property regimes, markets, contracts, enterprises, banks, and fiscal-monetary policies. The roles of economic institutions are reducing transaction costs and enhancing predictability of economic behavior; shaping incentives for investment, competition, and innovation; and creating conditions for sustainable development and social equity. Economic institutions are associated with different development models (market economy, planned economy, mixed economy) and are strongly influenced by political and legal institutions.

(iv) Social institutions

According to Emile Durkheim, social institutions are “the totality of beliefs, norms, and collective modes of conduct, possessing durability, that govern social relations in community life”²⁹. Family, religion, education, media, culture, residential communities, etc are basic social institutions. Social institutions aim to maintain order, reproduce cultural-

²⁷ Neil MacCormick, op. cit., p. 18-21.

²⁸ Douglass C. North, op. cit., p. 27-30.

²⁹ Emile Durkheim, op. cit., p. 45-49.

moral values, strengthen social cohesion, and reinforce the legitimacy of power. Scholarled by Anthony Giddens, social institutions are a “framework for the reproduction of social practices across time and space”³⁰, meaning that they both preserve and allow transformation of social structures in the course of development.

These types of institutions do not exist in isolation, they interact organically. In particular, political institutions determine power; legal institutions provide mechanisms for regulating and controlling power; economic institutions govern the allocation of resources; and social institutions supply the value base, beliefs, and culture that sustain stability. An effective institutional system must ensure unity, mutual reinforcement, and self-adjustment, while also adapting to changes brought by globalization and digital transformation.

Second, classified by origins of formation, legal nature and enforcement mechanisms

This is a widely used classification with significant value for analyzing a country’s institutional system, especially in institutional reform processes in developing countries where informal rules still exert a strong influence in social practice.

Formal institutions are written rules, promulgated by competent authorities and enforced through state power, for example: the Constitution, statutes, decrees, internal regulations, and organizational rules. Formal institutions are established by public power holders (the State and political-legal organizations) and secured through public authorities (courts, police, administrative bodies). They regulate public-oriented conduct with universal scope and mandatory force across society.

Informal institutions are unwritten rules that form naturally in social life, grounded in norms, customs, cultural values, morality, or community beliefs. They do not require codification, yet they often exert strong social binding force. Informal institutions are formed by society, communities, or social groups and maintained through belief,

consensus, prestige, and social pressure (village codes of conduct, marriage customs, professional ethics, and religious doctrines). Informal institutions regulate individual, group, or cultural conduct; they are flexible, supple, and highly adaptable.

Formal institutions and Informal institutions are not oppositional but complementary: Informal institutions may reinforce or weaken the effectiveness of formal institutions, depending on the degree of compatibility between them. North emphasizes that “the effectiveness of formal institutions depends largely on the support of informal institutions”³¹.

Third, classified by maintenance and violation-handling mechanisms

Institutions with formal coercive enforcement mechanisms consist of rules and norms promulgated by the State or competent public authorities, carrying mandatory legal force and ensured through instruments of public power such as the courts, executive bodies, and inspection and supervisory agencies. Enforcement is carried out through rigorous legal procedures, with specific sanctions and a high degree of coerciveness where violations occur. This type of institution ensures rigor, uniformity, and predictability in social governance, as exemplified by the legal system, administrative regulations, and rules governing the organization and operation of state agencies³².

By contrast, *institutions with informal social mechanisms* exist primarily in the form of moral norms, customs, traditions, and community conventions, and are maintained through the force of public opinion, belief, prestige, or moral-cultural pressure. The violation-handling mechanisms in this type of institution are not legally coercive; rather, they rely on social condemnation, self-adjustment, or social exclusion directed at the violating individual or organization. Although lacking formal punitive measures, such institutions often display enduring vitality and exert

³⁰ Anthony Giddens, op. cit., p. 31-35.

³¹ Douglass C. North, *Understanding the Process of Economic Change*, Princeton University Press, 2005, p. 15-18.

³² Douglass C. North, *ibid*, p. 47-52.

strong influence on social behavior, because they are closely tied to beliefs, cultural values, and community identity³³.

In reality, these two types of institutions do not exist independently but complement one another: Formal institutions provide a clear legal framework for social order, while informal institutions maintain stability and social cohesion within the community. The compatibility and harmony between legal coercive enforcement and informal social regulatory mechanisms constitute a key factor ensuring the durability, validity, and effectiveness of the institutional system as a whole³⁴.

Informal institutions do not exist in isolation; they interact with and supplement formal institutions. When the two are compatible (for example, where the law accurately reflects social morality and values), they reinforce one another. Conversely, where a wide gap exists (for example, where the law is detached from social realities), informal institutions may substitute for or undermine the effectiveness of formal institutions. According to Helmke and Levitsky (2004), "informal institutions may operate in parallel, support, substitute for, or even subvert formal institutions"³⁵.

5. Roles and significance of institutions in modern social development

First, institutions constitute the foundation of national governance

In contemporary political science, institutions are regarded as the foundation of a state's governance capacity. According to Francis Fukuyama, "institutional capacity" is the core factor determining the effectiveness of the state apparatus, as reflected in its ability to formulate and implement policies and to maintain public order³⁶. A country

may possess abundant material resources; however, without effective institutions, especially political and legal institutions, those resources can hardly be transformed into sustainable development strength. Conversely, countries with transparent institutions, strong accountability, and robust rule of law tend to achieve more stable and inclusive socio-economic development.

Second, institutions are a driving force of economic development

Studies by the World Bank and Acemoglu & Robinson affirm that differences in institutions - not geography or culture - are the principal cause of disparities in levels of development among countries³⁷. Economic institutions that secure property rights, contracts, and fair competition create an environment that encourages innovation, reduces transaction costs, and promotes investment. When rules are clearly established and consistently enforced, economic actors can anticipate and trust the system, thereby improving market efficiency. This is referred to as "institutional quality," a key indicator in global assessments of national competitiveness.

Third, institutions are the organizational foundation, an assurance instrument, and a development driver of socialist democracy

Institutions are the organizational foundation as they establish the power structure, principles, and modes of operation of socialist democracy, that is, they "formalize" the People's power throughout the political system. Institutions are an assurance instrument because they provide rules, institutional arrangements, and enforcement mechanisms that enable the people's mastery to be realized, protected, and controlled within the framework of law. Institutions are a development driver because they orient and promote democratization, political reform, and sustainable social development, ensuring that democracy is associated with equity, the rule of law, and social progress. Building and perfecting the institutions of socialist democracy is the central task of Vietnam's

³³ Gretchen Helmke, Steven Levitsky, *Informal Institutions and Democracy: Lessons from Latin America*, Johns Hopkins University Press, 2006.

³⁴ Acemoglu, Daron, Robinson, James A, *Why Nations Fail: The Origins of Power, Prosperity, and Poverty*, Crown Publishers, 2012.

³⁵ Gretchen Helmke, Steven Levitsky, *Informal Institutions and Democracy: Lessons from Latin America*, Johns Hopkins University Press, 2004, p. 5-7.

³⁶ Francis Fukuyama, *Political Order and Political Decay*:

From the Industrial Revolution to the Globalization of Democracy, Farrar, Straus and Giroux, 2014, p. 21-26.

³⁷ Daron Acemoglu, James A. Robinson, op. cit., p. 43-69.

political renewal process today. A substantive democracy, operating effectively and transparently and aligned with the people's interests, will be a direct driver of sustainable development, equity, and social progress.

Fourth, institutions guarantee and actualize human rights and citizens' rights

Institutions (especially legal and political institutions) hold a key role in guaranteeing and protecting human rights. Under the Universal Declaration of Human Rights (UDHR, 1948), respect for human rights cannot be separated from "protection by law"³⁸. A modern rule-of-law state can operate effectively only when there are institutions ensuring that state power is limited and accountable to the people. Institutions such as the National Assembly, Constitutional Court, inspection bodies, a free press, civil society, and others play the role of checking and balancing power and safeguarding individuals' fundamental rights. In this case, institutions are not merely legal in nature; they also embody normative dimensions and political culture, reflecting the level of democracy and the degree of societal civility.

Fifth, institutions are instruments for regulating and steering social development

Researched by Amartya Sen, development is not only economic growth but also the expansion of human capabilities and freedoms³⁹. To achieve this, strong political, social, and legal institutions are needed that both create conditions for actors to develop and prevent behaviors that harm the common interest. Modern institutions increasingly regulate social behavior through "soft" tools such as incentives, transparency, consultation, and dialogue rather than relying solely on administrative commands. This reflects a shift from power-based governance to governance grounded in values and social consensus.

Sixthly, institutions and sustainable development

In the context of globalization, sustainable institutions are a decisive factor

for sustainable development. The United Nations, in the 2030 Agenda for Sustainable Development, identified Goal 16 (SDG 16) as: "Build effective, accountable and inclusive institutions at all levels"⁴⁰. This shows that sustainable development cannot be achieved without institutions that are just, rule-based, transparent, and inclusive. Successful countries are often those that continuously reform institutions to adapt to the changing times and to human needs.

In sum, institutions constitute the "infrastructure architecture of modern national development," where economic and political power, values, and social order converge. A sound institutional system not only prevents abuses of power but also creates an environment in which creativity, freedom, and equity can be promoted, thereby fostering rapid, comprehensive, and sustainable national development.

Conclusion and recommendations

Conclusion

From the foregoing theoretical and practical analyses, it may be affirmed that institutions constitute a pillar of every process of a nation's political, legal, economic, and social development. Institutions are both the outcome of historical-cultural-political evolution and a driving force that orients future development. In a deeper sense, institutions not only reflect how power is organized and how society is governed, but also manifest a nation's level of civility, democracy, and the rule of law.

Political institutions determine the mode of organizing power; legal institutions secure order and justice; economic institutions regulate resources and incentivize creativity; and social institutions consolidate values, norms, and identity. The close interrelationship among these types of institutions forms the overall architecture of the modern state, in which all elements converge toward a common objective: Rapid, sustainable, and people-centered development.

³⁸ *Universal Declaration of Human Rights*, 1948, Article 7.

³⁹ Amartya Sen, *Development as Freedom*, Oxford University Press, 1999, p. 36-38.

⁴⁰ United Nations, *Transforming Our World: The 2030 Agenda for Sustainable Development*, A/RES/70/1, 2015, SDG 16.

In the current context of globalization, international integration, and digital transformation, the requirement to innovate and perfect institutions has become more urgent than ever. A modern institutional system must both safeguard the principles of the rule of law, openness, transparency, and accountability, and flexibly adapt to economic, social, and technological fluctuations. Strong institutions are a prerequisite for a strong State, a developing society, and the substantive guarantee and protection of human rights.

Recommendations

From the above analyses, several key recommendations may be made to strengthen and promote the role of institutions in modern national development:

i) *Continue to improve the system of political-legal institutions*, ensuring that state power is effectively assigned, coordinated, and controlled; and strengthen accountability mechanisms for public authorities.

ii) *Intensify reform of economic institutions* toward a transparent and equitable socialist-oriented market economy; ensure property rights and freedom of enterprise, and encourage innovation.

iii) *Develop social institutions* by strengthening the role of social organizations, professional associations, the media, and citizens in the formulation and oversight of public policy.

iv) *Improve the quality and enforcement capacity of institutions*, especially in key sectors such as public governance, justice, education, healthcare, and environmental protection.

v) *Promote an institutional culture and public-service ethics*; build a corps of officials and civil servants with political mettle, competence, responsibility, and integrity - treating this as the central factor ensuring institutional effectiveness.

vi) *Enhance international institutional integration*, learning from advanced governance models while firmly maintaining Vietnam's identity and socialist orientation.

vii) *Formulate a national institutional development strategy* aligned with the Sustainable Development Goals (SDGs), digital transformation, and smart national governance./

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