

Doctoral Thesis Review

Ph.D. student: **Vu Hoang Duong**

Title of the Doctoral Thesis:

Foreign Direct Investment Absorptive Capacity of Vietnam

Reviewer: Prof. Dr. Ing. Drahomíra Pavelková, FaME, Tomas Bata University in Zlín

The doctoral thesis deals with the topic of absorptive capacity of Foreign Direct Investment (FDI) at the firm level and the provincial level in Vietnam. The thesis consists of 8 chapters, including introduction and conclusion.

On the base of detail literature review, the student identified the research gaps i) in ununiformed measurement of absorptive capacity at the firm level, and ii) lack on uncovering all important issues of absorptive capacity measurement on the macro level. Doctoral student formulated a main research objective, p. 28: *“to identify the most important dimensions of FDI absorptive capacity and then to suggest some implementations to boost FDI absorptive capacity in Vietnam”*, and defined three research questions, three sub-objectives and nine hypotheses.

The first research question/objective focuses on examination of impacts of FDI absorptive capacity on Vietnamese economic growth. The author distinguishes the firm level and the provincial level. But there are several statements about these issues in the Chapter 3.2 (preceding the formulation of research questions and objectives) with conclusions and without citations being clear who has studied these problems. I see some inconsistencies, e.g. the first hypothesis supposes positive impacts of spill-over effects on the performance of domestic firms in Vietnam, but in previous chapter (p. 27) author states that *“the link between FDI and local firms (in Vietnam) is very weak and the situation remains unchanged”*.

The second research question/objective deals with identification of the most important determinants of FDI absorptive capacity of Vietnam, and the third one focuses on measures which should be implemented by government to enhance FDI absorptive capacity in Vietnam.

The research design is based on combination of quantitative methods (econometrics) based on secondary data set, and qualitative (Delphi method) based on primary data – opinions of Vietnamese experts.

I appreciate the author’s approach to study the topic both at the firm level, and also the provincial one. The contribution of the firm level study is in providing the simplified and generalized approach to absorptive capacity measurement with the possibility to exploit available data, and to integrate the intra-firm and inter-firm aspects into one proxy of absorptive capacity.

The author also identified proxies of FDI absorptive capacity at the provincial level found in previous research studies, and tested six determinants: institutions, infrastructure, openness, human capital, financial development and the absorptive capacity of domestic firms, using data of the period 2007-2015 (with explanation why this period was examined). I appreciate the comprehensive conceptual framework, data collection and processing and explanation of the results.

The results of empirical results are then compared with the opinions of experts using Delphi method. The author defined the panel consisted of 8 experts: 4 researchers, 2 policymakers and 2 persons (without specification). The aim of the first round of the Delphi method was to collect the opinions of the panellists on the validity of the construction and measurement of absorptive capacity suggested by author – it is not clearly described in thesis if this round took place before collecting secondary data and testing hypotheses or not.

The results of Delphi method are questionable. The author tried to assess consensus of the expert panel on importance of six dimensions identified by literature and empirically studied. I suppose that using Delphi method could be more effective if it was applied for identification of the set of important determinants before empirical research. There is no implication for theory or practice showing different “order” of the importance of determinants within the results of empirical and Delphi methods.

The author deals also with policy recommendations, but they are more general and rather less linked to the previous content and research results.

The last chapters of thesis are devoted to limitations of the research and explanation of the thesis's academic and policy contributions. The author concludes thesis with summary of research results and outlines the possibilities for further research.

The results of the doctoral thesis contribute to knowledge in this up-to-date topic.

The formal aspects of doctoral thesis satisfy the requirements of doctoral thesis, there are just some minor English mistakes and the tables on pp. 31-36 could be presented using a different format.

During the thesis defence I recommend the following issues to be explained and the questions answered:

- In Chapter 3.2 in fact you anticipate some results. Try to indicate the sources of these thoughts.
- Could you explain more deeply the reasons to use Delphi method and panellists' choice (their expertise and panel size)?
- On p. 66 you state that capability of the firms is essential for the development of a province and that your findings might be vital for policy makers at the provincial level. You recommend the operation and development of domestic firms should be

prioritized. It is quite general recommendation. Could you explain how the results of your research can be helpful for government measures?

Despite the some above comments, the doctoral thesis presents and demonstrates very good student's knowledge and skills, shows his ability to carry out research, to process and analyse data and to formulate own conclusions and recommendations.

The publication activities of the student are satisfied, he is an author or co-author of 3 published journal papers and 1 conference proceedings, and 2 papers accepted to be published in journals. All papers presented in journals or conference proceedings focus on topic of doctoral thesis.

I recommend the doctoral thesis for defence.

In Zlín, June 19, 2020

prof. Dr. Ing. Drahomíra Pavelková



