

THE FACTORS AFFECTING FOREIGN DIRECT INVESTMENT AT THE INDUSTRIAL ZONES OF DONG NAI PROVINCE

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ABSTRACT

At present goods, technology, and capital are easily transferred in the global economy, especially from developed countries to less developed countries. Foreign direct investment (FDI) is a means which helps investors in developed countries to transfer them to developing countries. Therefore, FDI plays an important role in the economic development. In a developing country, FDI contributes a lot to the development of its economy: receiving modern technology from investors, creating jobs for laborers, improving labor skills, etc. The research aims are (1) identifying the factors affecting the FDI attraction in Dong Nai Province; (2) analyzing factors which affect FDI attraction at Dong Nai industrial zones in order to find out foreign investors' satisfaction level; (3) proposing recommendations to improve FDI attraction in Dong Nai Province.

Keywords: Foreign direct investment, factors affecting, economic, Dong Nai

1. Introduction

Since the issue of foreign investment law of Vietnam in 1987, FDI has remarkably contributed to supplementing the capital resource, transferring technology, increasing exportation and employment and become the important factor in speeding up the growth rate of economy of the country, strengthening the transfer of economic structure towards industrialization and modernization. This indicates that there has been a considerable change and a positive influence on foreign investors about the investment potential and environment in Vietnam in the present time. Although Vietnam is one of many destinations for international investors, it remains under

constant pressure to attract FDI for its own national economic interest, and since it is located within one of the most dynamic area in the world for international investors. Actually, “Vietnam has become an attractive host country, been the third largest recipient of FDI inflows in the ASEAN, behind Singapore and Malaysia, and strengthened its position as a significant investment base” (Mirza and Giroud, 2007) [1].

Borensztein, E., et al. (2008) [2] stated that “the relationship between foreign direct investment and economic growth has been an interested issue for several decades”. In the new growth theory, FDI is an important factor that contributes to economic growth through technology

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transfer efficiency improvement. FDI affects economic growth in several ways. It is argued that FDI has been a major channel for the access to advanced technologies by recipient countries and hence plays a central role in the technological progress of these countries.

According to the result of the surveys by Japan Bank for International Cooperation (JBIC, 2015) [3], during the period of 2012 – 2015, “the advantages that were pointed out as the main factors allowing Viet Nam to attract a large amount of FDI from Japan, included low labor costs, qualified human resources, future growth potentials of local market and stable political situation”.

Dong Nai is considered an important economic development area of the key economic regions of the Southern Vietnam with plentiful workforce because labourers from different places in Vietnam come here to earn a living. It is located on an acute angle of the development triangle Ho Chi Minh City – Binh Duong – Dong Nai. This location is very advantageous for transporting merchandise and doing business to investment enterprises. Besides that, Dong Nai’s natural and socio-economic conditions are favorable to push ahead FDI attraction and expand Dong Nai’s business operations with different areas in

Vietnam and the world in order to serve its socio-economic development. In the context of the country's growing international economic integration, as well as its participation in many new generation free trade agreements, such as the TPP, EVFTA, and the formation of the ASEAN Economic Community, many foreign investors are promoting their investments in Vietnam. Grasping this huge opportunity, Dong Nai across the country will certainly benefit from these important external resources for its local socio-economic development.

Dong Nai has been one of the 3 areas which lead the whole country in appealing to FDI as well as developing industrial zones. This gives remarkable contributions to pushing ahead the local economy, provides a lot of employment for labourers both in Dong Nai and in different places of Vietnam, helps domestic enterprises to invest in renovating technology and management methods, contributes to increasing the local resource of budget, and efficiently improves the exploiting and using economic forces in Dong Nai Province.

Dinh Quoc Thai, Dong Nai provincial People’s Committee Chairman (August, 2013) [4] states that: “since the regional and global economic integration, Vietnam has had a lot of opportunities and advantageous conditions to develop the country economy. However, Vietnam also

encounters difficulties and challenges because of the present difficulty of the global economy. This affects the FDI attraction and makes the FDI growth rate slow down, especially the FDI capital resource going into industrial zones in Vietnam". In Dong Nai Province, the additional reason which "negatively influences FDI activities at its industrial zones is the lack of adequate infrastructure and environmental pollution" (Nguyen Thi Bich Thuy, 2013) [5]. Moreover, Dong Nai Province also needs to strengthen the training of staff working on investment promotion in particular and on investment management in general. Hence, advocacy and coordination with international organizations to support training classes for foreign investment promotion and management are very necessary. And training skilled laborers to supply for the industrial zones in Dong Nai Province is still limited. Therefore, Dong Nai Province frequently appeals to high-quality workforce from different areas in Vietnam. Besides its rapid increase of light industries and labor intensive industries, Dong Nai usually lacks the quantity of high-quality laborers when developing the economy or investing a lot in business manufacture. Especially, after the Tet holidays, workers from different provinces or cities do not come back to Dong Nai for their work. This is really a serious problem which Dong Nai

encounters (*Dinh Quoc Thai, 2013*).

An urgent issue given is that there need to be directions and solutions to attract FDI in the next years, aiming at meeting the objective of economic growth and development as well as creating the foundation for industrialization and modernization in 2020 in Vietnam in general and in Dong Nai in particular. Therefore, the identification of factors affecting the attraction of foreign direct investment in Dong Nai Province and the analysis of the influence of each factor to attract foreign direct investment is necessary for the government in offering policies to attract investment capital.

2. Theoretical framework and hypothesis development

This research is based upon the background theory on advantages and disadvantages of FDI proposed by Dunning (1997) [6]: "The home country's benefits from foreign direct investment, the host country's benefits from FDI capital, warnings for foreign investors' investment decisions and warnings for the home country", OLI framework which was developed by Kodrzycki and Tannenwald (2007) [7], "FDI is influenced by the factors, such as geographic location, infrastructure, human resources" and according to Fawaz Binsaeed (2009) [8], states "the important factors affecting FDI are: Costs factor including labor cost,

logistics cost, low cost of raw materials”. The author proposed the factors affecting the FDI attraction at Dong Nai industrial zones:

Infrastructure, Natural and Human resources, Costs, Supporting policies and Inspection and Supervision Activities of Dong Nai.

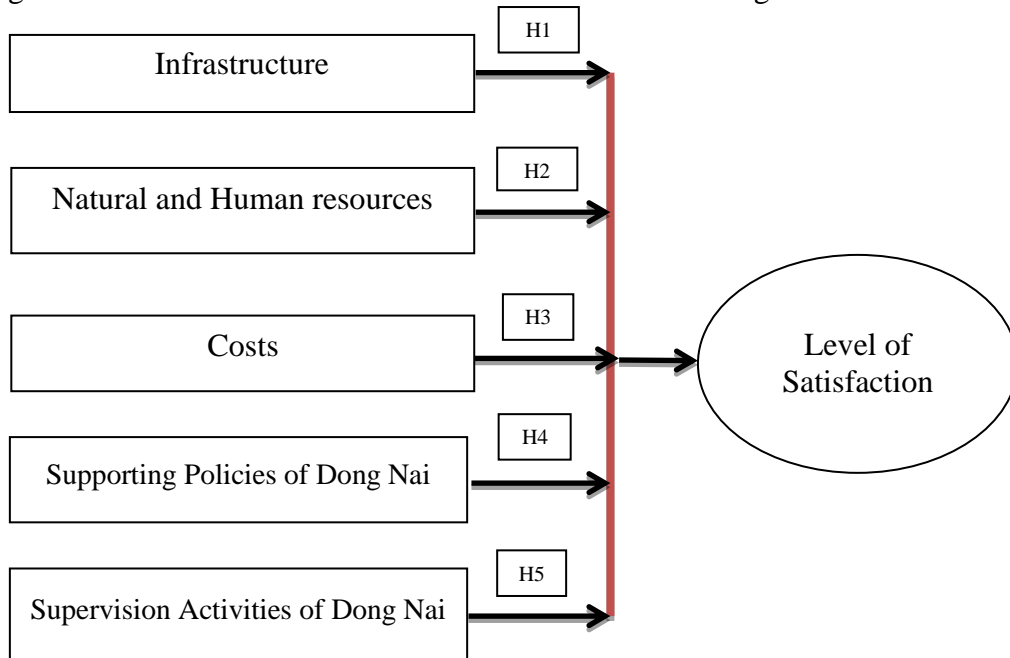


Figure 1. *Theoretical Framework*

Hypothesis 1: Infrastructure positively relates to FDI enterprises' satisfaction.

Hypothesis 2: Natural and Human resources positively relate to FDI enterprises' satisfaction.

Hypothesis 3: Costs positively relate to FDI enterprises' satisfaction.

Hypothesis 4: Supporting Policies of Dong Nai positively relate to FDI enterprises' satisfaction.

Hypothesis 5: Supervision Activities of Dong Nai positively relate to FDI enterprises' satisfaction.

3. Data and Methodology

3.1. Sample size and Population determination

The respondents were selected through purposive sampling. Purposive sampling used is judgment. According

to Sekaran (2006) [9], “judgment involves the choice of subjects who are in the best position to provide the information using the non-probability method. Therefore, people who have knowledge about particular problems can be selected as the sample element”.

The target respondents were FDI enterprises diversifying business activities in the field of industrial

According to Gorsuch (1983)[10], “minimum sample size used in Exploratory Factor Analysis is 200 observations. This research chooses Convenience Sample, so the sample size will be required according to the standard 5:1, the minimum number of observations needs to be greater than five times of the number of variables”. This research has 32 observations which needs to be measured. As a result, the minimum sample size required to run Exploratory Factor Analysis in this research is $32 \times 5 = 160$. However, to get reliable results in the research, the sample size in the quantitative research is officially 160 samples.

Summarily, this research needs at least 160 samples according to the non-probability method to take Exploratory Factor Analysis and regression. Hence, 200 surveys were distributed to the target respondents who were FDI enterprises at Dong Nai industrial zones to get the data for analysis.

3.2. Methodology

This research was carried out through 2 major periods: (1) Qualitative research aiming to statisticize, collect data, adjust and supplement the scale (2) Quantitative research aiming to analyze the survey data via techniques, such as statistics, analysis, synthetics, comparison along with Crombach’s

production because after their investment. They can evaluate it exactly from FDI attraction.

Alpha, exploratory factor analysing (EFA), regression.

Firstly, the research problem was defined, and then the research objective and research questions were identified to be the target of solving defined research problem. Secondly, based on the literature review and the relevant researches, the author proposed a scale model with observable variables which could be factors affecting investment decisions into industrial zones and could measure satisfactory levels of investors after they invested at Dong Nai industrial zones. Next, the author built hypotheses for this study. From this, a preliminary questionnaire was developed. Next step was the research design with 2 sub-steps:

- The author carried out the pilot research through statistics, data collection, consultation of officers who worked in the field of FDI management of Dong Nai Province and Management Board of Dong Nai industrial zones to adjust it suitably to the actual state at Dong Nai industrial zones.

- The author carried out the formal research by sending the survey questionnaire to FDI enterprises. Data collection was done about two weeks later.

After that, data collection was cleaned and used to test reliability and validity of questionnaire through Crombach’s Alpha coefficient and

Exploratory Factor Analysis (EFA) hypotheses which the implications and method. Multiple Linear Regression findings were stated and reported. method was used to evaluate the

4. Empirical Analysis

4.1. Statistics indicating the importance of the factors affecting the attraction of foreign direct investment at Dong Nai industrial zones

4.1.1. Reliability of factors

a. Factor Infrastructure

Table 1. Reliability and Item-Total Statistics of factor Infrastructure

(with 6 items)

Reliability Statistics

Cronbach's Alpha	N of Items
0.898	6

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
IF1.The port system is modern, serving import and export activities well.	17.3688	23.895	0.760	0.874
IF3.The airport system is well-equipped, meeting the demands of traffic and goods transportation.	17.4063	24.431	0.715	0.881
IF5.The traffic system is quite convenient for enterprises.	17.2250	25.056	0.705	0.883
IF7.The infrastructure of the industrial zones are modernly invested and built.	17.3625	25.541	0.712	0.882
IF9.Security and legal regulations in Dong Nai are always kept stable.	17.5438	23.747	0.734	0.878
IF13. Systems of telecommunications, banking, etc... are very good.	17.7188	23.688	0.723	0.880

*b. Factor Natural resource and HR***Table 2.** Reliability and Item-Total Statistics of factor Natural resource and Human Resource (with 5 items)**Reliability Statistics**

Cronbach's Alpha	N of Items
0.876	5

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
NA2.The human resources are plentiful and can be supplied with a large quantity.	14.7438	9.022	0.712	0.849
NA4.Many labors are trained in advance to work at industrial zones.	14.6938	9.396	0.664	0.861
NA6.The laborers are hard-working and diligent.	14.7063	10.020	0.706	0.852
NA8.The natural resources are plentiful, serving industrial production well.	14.6313	9.492	0.744	0.842
NA10.Most of laborers in Dong Nai Province are skilled workers.	14.8250	9.051	0.723	0.846

*c. Factor Prices and Salary***Table 3.** Reliability and Item-Total Statistics of factor Prices and Salary with 5 items)**Reliability Statistics**

Cronbach's Alpha	N of Items
0.832	5

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
PS14.The salaries of office staff and managers are low.	13.9563	9.690	0.710	0.775
PS16.The salaries of technical staff and manual laborers are low.	14.2188	10.310	0.587	0.810
PS18.The prices of electricity and water are moderate.	13.9125	9.187	0.712	0.773

PS20.The price of transportation services is cheap.	13.8563	10.967	0.559	0.817
PS22.The price of transportation services is cheap.	13.9313	10.429	0.588	0.810

d. Factor Supporting policies

Table 4. Reliability and Item-Total Statistics of factor Supporting policies (with 7 items)

Reliability Statistics

Cronbach's Alpha	N of Items
0.891	7

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
SP15.Many marketing activities are carried out for FDI publicity and attraction.	20.8188	30.590	0.681	0.876
SP17.The officers always have friendly and enthusiastic attitudes in supporting investors.	20.7813	30.449	0.669	0.878
SP19.The administrative procedure is simple and fast.	20.5875	30.810	0.698	0.874
SP23.The land rental price is cheap.	20.6063	30.467	0.723	0.871
SP25.The infrastructure investment to serve FDI enterprises is paid much attention to.	20.9375	29.921	0.693	0.875
SP27.Training high-quality human resources is positively supported.	21.1125	29.509	0.714	0.872
SP29.Contributions to solving troubles of FDI enterprises are always paid attention to.	20.9563	30.910	0.640	0.881

*e. Factor Super vision***Table 5.** Reliability and Item-Total Statistics of factor Supervision
(with 5 items)

Reliability Statistics				
Cronbach's Alpha	N of Items			
0.836	5			

Item-Total Statistics				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
SU12.Managing the used lands at the industrial zones is executed well.	13.2625	6.006	0.675	0.794
SU26.Managing the issue and withdrawal of investment licenses is executed well	13.4313	6.008	0.628	0.806
SU28.The taxation on FDI enterprises is managed closely.	13.4938	5.434	0.688	0.790
SU30.The labor usage of FDI investors is managed well.	13.4625	5.986	0.688	0.790
SU31.The environmental hygiene at FDI enterprises is inspected and handled regularly.	13.3500	6.606	0.522	0.833

*4.1.2. Exploratory factor analysis***Table 6.** Exploratory factor analysis for the research questionnaire

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.821
Bartlett's Test of Sphericity	Approx. Chi-Square	2305.053
	df	378
	Sig.	0.000

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
	1	5.556	19.845	19.845	5.556	19.845	19.845	4.276	15.270
2	3.832	13.685	33.530	3.832	13.685	33.530	4.119	14.710	29.979
3	3.456	12.343	45.873	3.456	12.343	45.873	3.479	12.425	42.405
4	2.835	10.127	56.000	2.835	10.127	56.000	3.134	11.192	53.596
5	2.362	8.434	64.434	2.362	8.434	64.434	3.035	10.838	64.434
6	0.945	3.375	67.809						
7	0.852	3.044	70.853						
8	0.730	2.608	73.461						
9	0.638	2.279	75.740						
10	0.634	2.263	78.003						
11	0.563	2.011	80.014						
12	0.494	1.766	81.780						
13	0.472	1.687	83.467						
14	0.455	1.625	85.092						
15	0.419	1.495	86.587						
16	0.403	1.439	88.026						
17	0.386	1.380	89.405						
18	0.362	1.292	90.697						
19	0.353	1.260	91.957						
20	0.343	1.224	93.181						
21	0.304	1.084	94.265						
22	0.280	1.001	95.267						
23	0.265	0.946	96.213						
24	0.243	0.867	97.079						
25	0.229	0.816	97.896						
26	0.214	0.765	98.660						
27	0.194	0.695	99.355						
28	0.181	0.645	100.000						

Extraction Method: Principal Component Analysis.

Table 7. Rotated Component Matrix^a

Rotated Component Matrix ^a					
	Component				
	1	2	3	4	5
SP23.The land rental price is cheap.	0.838				
SP17.The officers always have friendly and enthusiastic attitudes in supporting investors.	0.781				
SP19.The administrative procedure is simple and fast.	0.781				
SP27.Training high-quality human resources is positively supported.	0.759				

SP25.The infrastructure investment to serve FDI enterprises is paid much attention to.	0.752				
SP15.Many marketing activities are carried out for FDI publicity and attraction.	0.750				
SP29.Contributions to solving troubles of FDI enterprises are always paid attention to.	0.697				
IF1.The port system is modern, serving import and export activities well.		0.852			
IF9.Security and legal regulations in Dong Nai are always kept stable.		0.803			
IF3.The airport system is well-equipped, meeting the demands of traffic and goods transportation.		0.793			
IF5.The traffic system is quite convenient for enterprises.		0.790			
IF13. Systems of telecommunications, banking, etc... are very good.		0.789			
IF7.The infrastructure of the industrial zones are modernly invested and built.		0.772			
NA8.The natural resources are plentiful, serving industrial production well.			0.842		
NA10.Most of laborers in Dong Nai Province are skilled workers.			0.826		
NA6.The laborers are hard-working and diligent.			0.818		
NA2.The human resources are plentiful and can be supplied with a large quantity.			0.817		
NA4.Many labors are trained in advance to work at industrial zones.			0.791		
SU30.The labor usage of FDI investors is managed well.				0.822	
SU28.The taxation on FDI enterprises is managed closely.				0.810	
SU12.Managing the used lands at the industrial zones is executed well.				0.781	
SU26.Managing the issue and withdrawal of investment licenses is executed well				0.746	

SU31.The environmental hygiene at FDI enterprises is inspected and handled regularly.				0.684	
PR14.The salaries of office staff and managers are low.					0.833
PR18.The prices of electricity and water are moderate.					0.825
PR16.The salaries of technical staff and manual laborers are low.					0.747
PR20.The administrative procedure is simple and fast.					0.711
PR22.The price of transportation services is cheap.					0.706
Extraction Method: Principal Component Analysis.					
Rotation Method: Varimax with Kaiser Normalization.					
a. Rotation converged in 6 iterations.					

4.1.3. Regression model

Table 8. Regression Descriptive Statistics

	Mean	Std. Deviation	N
I am quite satisfied with my investment in Dong Nai Province.	2.4327	0.41982	160
Infrastructure	2.4552	0.69109	160
Natural resource & HR:	2.3244	1.04663	160
Prices & Salary	2.4756	1.01354	160
Supporting policies	2.0890	1.03836	160
Supervision	2.7469	0.86751	160

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.906 ^a	0.820	0.814	0.18095	1.062

a. Predictors: (Constant), Supervision, Prices & Salary, Infrastructure, Supporting policies, Natural resource & HR:

b. Dependent Variable: I am quite satisfied with my investment in Dong Nai Province.

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	22.982	5	4.596	140.380	0.000 ^b
	Residual	5.042	154	0.033		
	Total	28.024	159			

a. Dependent Variable: I am quite satisfied with my investment in Dong Nai Province.
b. Predictors: (Constant), Supervision, Prices & Salary, Infrastructure, Supporting policies, Natural resource & HR:

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	0.201	0.093		2.172	0.031		
Infrastructure	0.193	0.021	0.318	9.194	0.000	0.977	1.024
Natural resource & HR:	0.181	0.014	0.451	12.984	0.000	0.967	1.034
Prices & Salary	0.182	0.014	0.438	12.717	0.000	0.984	1.017
Supporting policies	0.209	0.014	0.516	14.898	0.000	0.973	1.028
Supervision	0.164	0.017	0.339	9.768	0.000	0.969	1.032

4.2. In order to analyzing and interpreting the collected data, the author set up the Verbal Description as follows

Table 9. Analyzing and interpreting the collected data

Level of Agreement	Mean Scale	Verbal Description
Strongly Disagree	1.00 – 1.49	Poor
Disagree	1.50 – 2.49	Fair
Undecided	2.50 – 3.49	Satisfied
Agree	3.50 – 4.49	Very Satisfied
Strongly Agree	4.50 – 5.00	Outstanding

a. Infrastructure

When evaluating the infrastructure of Dong Nai Province, most of investors were very satisfied with transportation system, infrastructure of

industrial zones, legal regulations of Dong Nai as well as banking systems while the port system and airport transportation were evaluated at a satisfied level.

Table 10. The importance of Infrastructure

Evaluation	Mean	Verbal description
Factor <i>Infrastructure</i>	3.4875	Satisfied

Q1: The port system is modern, serving import and export activities well.	3.3813	Satisfied
Q3: The airport system is well-equipped, meeting the demands of traffic and goods transportation.	2.5188	Satisfied
Q5: The traffic system is quite convenient for enterprises.	4.2063	Very satisfied
Q7: The infrastructure of the industrial zones are modernly invested and built.	3.5625	Very satisfied
Q9: Security and legal regulations in Dong Nai are always kept stable.	3.5563	Very satisfied
Q13: Systems of telecommunications, banking, etc. are very good.	3.7000	Very satisfied

For more details, in question 5, most of respondents (61%) agreed and strongly agreed that the traffic system was quite convenient for enterprises. There were 29% of respondents disagreeing and strongly disagreeing with this evaluation while there were only 10% of the remainder having neutral opinions. Dong Nai Province is next to Hochiminh city and Binh Duong province as well as has the national road along the province so that it can take more advantages in transportation than other provinces. That is the reason why many foreign investors want to invest in this province. Therefore, Dong Nai government has to invest more in transportation to attract more investors as well as new ones. When evaluating question 7, there were 58.8% of respondents agreeing and strongly agreeing that the infrastructure of industrial zones in Dong Nai was invested and built with new facilities while 16.2% of respondents disagreed

and strongly disagreed with this evaluation and 25% of the remainder had no ideas. Board of Industrial zone Management and Dong Nai government have to pay attention to this issue regularly to take advantage in the marketing campaign since basic infrastructure is one of important factors that lead the foreign investors to invest abroad and investors do not have to invest in building facilities in order to use their capital to invest in human resources as well as manufacturing assembly lines.

Moreover, in question 9, most of FDI enterprises (67%) in Dong Nai Province agreed and strongly agreed that security and legal regulations in Dong Nai were always stable. There were 18% of them disagreeing with this evaluation while 15% of them had neutral opinions. The stability of politics and economy of Vietnam leads to transferring investment trends from China into Vietnam of foreign investors.

Therefore, Dong Nai government and Vietnamese government have to compose more incentive policies to attract more FDI.

b. Natural and Human resources

Table 11. *The importance of Natural and Human resources*

Evaluation	Mean	Verbal description
Factor <i>Natural & Human resources</i>	3.3450	Satisfied
Q2: The human resources are plentiful and can be supplied with a large quantity.	3.5313	Very satisfied
Q4: Many laborers are trained in advance to work at industrial zones.	2.2125	Fair
Q6: The laborers are hard-working and diligent.	3.2750	Satisfied
Q8: The natural resources are plentiful, serving industrial production well.	2.5063	Satisfied
Q10: Most of laborers in Dong Nai Province are skilled workers.	2.2000	Fair

Obviously, the benefits of production in Vietnam are low labor costs and rentals as well as the availability of labor in local provinces. These are attractive characteristics for foreign investors. When evaluating human resources with question 2, 63% of respondents agreed and strongly agreed that the human resources in Dong Nai Province were plentiful and could be supplied with a large quantity. There were 20% of respondents having neutral opinions while 17% of the remainder disagreed and strongly disagreed with this statement.

In contrast, in question 4, the majority of respondents (71%) disagreed and strongly disagreed that many laborers in Dong Nai Province were trained before working at industrial zones. There were 24% of respondents agreeing with this

evaluation while 5% of the remainder had neutral choice. Because Dong Nai Province government does not pay much attention to investing in technical schools for this province while some universities and colleges located in this province only train bachelors majoring in economics, foreign languages, accounting, art, etc. but not skilled workers. Therefore, there is a serious shortage of skilled workers to supply for industrial zones in this province. It's time that Dong Nai leaders revised their human resources policy to supply for industrial zones, investing more at vocational schools as well as maintaining competitiveness in attracting FDI.

In general, most of investors in Dong Nai Province were satisfied with natural resources and amount of work force of this province, but they had fair

evaluation towards workers' qualifications and skills.
c. Costs

Table 12. *The importance of Costs*

Evaluation	Mean	Verbal Description
Factor <i>Costs</i>	3.1550	Satisfied
Q14: The salaries of office staff and managers are low.	3.1875	Satisfied
Q16: The salaries of technical staff and manual laborers are low.	3.0750	Satisfied
Q18: The prices of electricity and water are moderate.	3.1938	Satisfied
Q20: The prices of services of telecommunications, banking finance, etc. are cheap.	3.1563	Satisfied
Q22: The price of transportation services is cheap.	3.1625	Satisfied

The majority of investors in Dong Nai Province were satisfied with prices of renting, financial services, and salaries of staff when they invested here. In questions 18 and 20, more than half of respondents (56.2%) agreed and strongly agreed that the prices of telecommunications, banking, finance services as well as other services were cheap in Dong Nai Province. There were only 23.8% of respondents disagreeing with this evaluation while 20% of the left had no opinions. The costs of services, land for rent in Hochiminhcity and Binh Duong province are higher than in Dong Nai Province. Therefore, it is also a key for investors to consider. Therefore, Dong Nai government should revise its FDI policy about land budget saved for investors as well as offer more competitive prices to attract more investors for this province.

A good transportation system can help foreign investors a lot with the transport of materials and goods as well as their products to the market. That is the reason why the price of transportation in Dong Nai Province is cheap for investors. When evaluating this statement, 55% of respondents agreed and strongly agreed with this statement. There were 34% of respondents disagreeing with this evaluation while 11% of the remainder had neutral choice.

d. Supporting policies

In a general view, most of investors in Dong Nai Province were very satisfied with marketing activities, government officers, and solutions to solve FDI enterprises in acquiring investment licenses, land budget and supporting policies from Dong Nai government. They were also satisfied

with renting prices, administrative procedures, human resources in Dong Nai Province.

Table 13. *The importance of Supporting policies*

Observer	Mean	Verbal Description
Factor <i>Supporting policies</i>	3.4714	Satisfied
Q15: Many marketing activities are carried out for FDI publicity and attraction.	3.5188	Very satisfied
Q17: The officers always have friendly and enthusiastic attitudes in supporting investors.	3.6938	Very Satisfied
Q19: The administrative procedure is simple and fast.	3.4813	Satisfied
Q23: The land rental price is cheap.	3.3438	Satisfied
Q25: The infrastructure investment to serve FDI enterprises is paid much attention to.	3.3625	Satisfied
Q27: Training high-quality human resources is positively supported.	3.1875	Satisfied
Q29: Contributions to solving troubles of FDI enterprises are always paid attention to.	3.7125	Very satisfied

When answering about the management procedure at industrial zones in question 19, 53.1% of respondents agreed and strongly agreed that the administrative procedure of Dong Nai government was simple and fast. There were only 18.1% of respondents disagreeing with this evaluation while 28.8% of the remainder neither agreed nor disagreed. When the government of Dong Nai has granted investment licenses quickly and eased customs formalities, investors have advantages of manufacturing, importing materials for their manufacturing and exporting their finished products, Dong Nai government gets both import-export tax and revenue for having investors invest

at industrial zones of this province as well as helping local people and workers get employment and improve the development of economy in this province.

For questions 25 and 29, there were 57.5% of respondents agreeing and strongly agreeing that the infrastructure investment to serve FDI enterprises was paid much attention to by Dong Nai government. There were only 22.5% of respondents disagreeing and strongly disagreeing with this evaluation while 30% of the remainder had neutral opinions. Therefore, Dong Nai government and Department of Planning and Investment of this province have to invest more in basic infrastructure to maintain competitive

advantages as well as attract new investors because the most important thing in attracting foreign investments

is the developed infrastructure which is the main reason leading investors to investing abroad.

e. Supervision activities

Table 14. *The importance of Supervision activities*

Evaluation	Mean	Verbal Description
Factor <i>Supervision</i>	3.3988	Satisfied
Q12: Managing the used lands at the industrial zones is executed well.	3.4875	Satisfied
Q26: Managing the issue and withdrawal of investment licenses is executed well.	2.5375	Satisfied
Q28: The taxation on FDI enterprises is managed closely.	2.4000	Fair
Q30: The labor usage of FDI investors is managed well.	3.2500	Satisfied
Q31: The environmental hygiene at FDI enterprises is inspected and handled regularly.	3.3188	Satisfied

Most of foreign investors were satisfied with supervision of local government while some of them had fair evaluation towards taxation system for enterprises. In question 12, more than half of respondents (56%) agreed and strongly agreed that managing the used land at industrial zones was executed well by Dong Nai government. There were only 24% of respondents disagreeing with this evaluation while 20% of the left had neutral opinions. Dong Nai government has delivered the right investors the suitable land for their investments as well as has reduced the cost of renting land for foreign investors at industrial zones so that they could have long-term contracts to invest more at industrial

zones in Dong Nai. That is a wise policy to attract foreign investors.

In question 28, there were 57% of respondents agreeing and strongly agreeing that the taxation on FDI enterprises was managed closely. There were 33% of respondents disagreeing and strongly disagreeing with this statement while 10% of the remainder had neutral choice. Dong Nai government and Department of Dong Nai Tax have to change their tax policy and give more incentive taxes for enterprises to obey their tax compliant behavior well.

When evaluating the environment in question 31, 40.5% of respondents agreed and strongly agreed that Dong Nai government inspected and handled

the environment hygiene at FDI enterprises regularly and carefully. There were 23.5% of them disagreeing with this evaluation while 36% of the remainder had no opinions. This result is that Dong Nai government and Dong Nai Department of Natural Resources and Environment have launched strict

regulations to protect the environment as well as control pollution and regularly investigate the violation of them. Therefore, the companies at industrial zones in Dong Nai have not violated regulations related to this problem.

4.3. The level of FDI enterprises' satisfaction with their investment

Table 15. The level of FDI enterprises' satisfaction

Level of agreement	Frequency	Percentage	Average Mean	Verbal Description
Completely not satisfied	26	16%	3.4313	Satisfied
Not satisfied	46	29%		
Satisfied	66	41%		
Completely satisfied	22	14%		
Total:	160	100%		

In general, more than half of respondents were satisfied with their investment in Dong Nai Province. After analyzing the collected data, 55% of respondents were satisfied with their investment while 45% of the remainder were not satisfied with their investments in this province. The factors of *Natural and Human resources* as well as *Support policies* affect the investment of investors. The shortage of skilled workers and supervision from the government and departments of the province makes investors have to consider carefully when investing their money in the province.

When the current investors at industrial zones in Dong Nai Province

are unsatisfied, there will be a big influence on new investors as well as the goal of attracting more FDI for the province. Therefore, Dong Nai government should revise all of its investment incentive policies and strategy to develop human resources to supply for industrial zones as well as invest more in transportation, port, and airport to meet all requirements of investors and keep track of competition from other provinces surrounding it, such as Hochiminh city and Binh Duong province to attract more FDI for this province.

5. Conclusion

This research aimed to explore the factors affecting FDI decisions of

foreign investors and determine the level of their satisfaction with the investment in Dong Nai Province. This research focused on five main factors, such as *Infrastructure, Natural and human resources, Costs/ Prices and salary of workers, Supporting policies and Inspection and Supervision activities*. Through this research, Dong Nai government needs to regularly review their management effectiveness and incentive policies to promote FDI in Dong Nai Province. Besides that, they also need to improve infrastructure, invest more in training and developing high-quality human resources for Dong Nai Province in general and Dong Nai industrial zones in particular.

The research also helps other local provinces in Vietnam see the

advantages and disadvantages of Dong Nai Province in attracting FDI so that they can draw lessons of experience for themselves in order to develop their strengths, overcome their limitations and give suitable solutions to attracting more foreign investors in the future.

For the present investors, they are able to recalculate their investments how to be more effective or request Dong Nai Province to change some regulations for present investors to overcome difficulties that they have encountered. Moreover, from this research, future investors can also take into careful consideration as well as find out appropriate investment goals for their investments in Dong Nai Province in the future.

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YẾU TỐ ẢNH HƯỞNG ĐẾN THU HÚT ĐẦU TƯ TRỰC TIẾP NƯỚC NGOÀI VÀO CÁC KHU CÔNG NGHIỆP CỦA TỈNH ĐỒNG NAI

TÓM TẮT

Hiện nay hàng hóa, công nghệ và vốn được chuyển giao dễ dàng trong nền kinh tế toàn cầu, nhất là từ những nước phát triển sang những nước kém phát triển. Đầu tư trực tiếp nước ngoài (ĐTTTNN) là một phương thức giúp cho các nhà đầu tư ở những nước phát triển chuyển giao những đầu tư này sang những nước kém phát triển. Vì thế, ĐTTTNN đóng một vai trò quan trọng trong việc phát triển kinh tế. Ở một nước đang phát triển, ĐTTTNN có nhiều đóng góp đối với sự phát triển của một nền kinh tế như: Tiếp nhận công nghệ hiện đại từ các nhà đầu tư, tạo công ăn việc làm cho người lao động, nâng cao kỹ năng lao động, v.v... Mục tiêu chính của nghiên cứu này là: (1) Xác định các nhân tố ảnh hưởng đến ĐTTTNN tại tỉnh Đồng Nai, (2) Phân tích ảnh hưởng của các nhân tố này đối với ĐTTTNN tại tỉnh Đồng Nai, (3) Đề xuất các khuyến nghị để cải thiện ĐTTTNN tại tỉnh Đồng Nai.

Từ khóa: Đầu tư trực tiếp nước ngoài, các nhân tố ảnh hưởng, kinh tế, Đồng Nai

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