ABSTRACT

This study draws on the backward spillover effects from the supplier perspective based on the Vietnam Enterprise Survey and our in-depth interviews with domestic suppliers. The overall analysis for Vietnam shows the positive impact of being a supplier to Multinational Enterprises (MNEs) on the TFP growth and technical progress. However, the finding at the regional level presents a different picture. In contrast to the overall result for Vietnam and the most dynamic region, the Southeast, our econometric finding for the Red River Delta (RRD) indicates that the TFP growth between suppliers and non-suppliers are not statistically different. Our in-depth interviews with domestic suppliers in the RRD detect that being a supplier is one mode to enhance business performance, but this mode does not always work. Indeed, effects of MNEs on domestic suppliers in the RRD are much more indirect and limited due to their weak technological and absorptive capabilities.
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