Vy Vo

SUSTAINABLE FDI FOR SUSTAINABLE DEVELOPMENT IN VIETNAM

Master´s Thesis

School of Marketing
Master’s thesis in Degree Programme
of International Business

Vaasa 2021

UNIVERSITY OF VAASA	
School of Marketing	
Author:	Vy Vo
Title of the Thesis:	Title : Master´s Thesis
Degree:	Master’s Degree
Programme:	International Business
Supervisor:	Jorma Larimo
Year:	2021 **Number of pages:** 132

ABSTRACT:

Foreign direct investment (FDI) is a widely discussed topic. Although FDI is expected to contribute positively to host country development, the degree of influence and specific impact is different. In the absence of effective monitoring and management, FDI can also bring about an adverse reaction that affects the economic and social development or affects the resources and environment of the host country. According to the current development trend, FDI attraction has shifted from economic focus to sustainable development, leading to the concept of sustainable FDI. An investment is described as sustainable FDI as it positively contributes to the host country's economic, social and environmental development while also practising good governance (Sauvant and Mann, 2020). The attraction of sustainable FDI is expected to bring potential contributions to green growth / sustainable development in today's vulnerable world.

Vietnam is seen as a bright spot for foreign investors, yet attracting and using FDI in Vietnam is assessed as lacking effectiveness (quantity over quality). Therefore, Sustainable FDI is a solution for Vietnam to promote high economic growth while ensuring social and environmental stability. The study is conducted to analyze the impact of SFDI on the sustainable development of Vietnam. The results show that attracting and utilising sustainable FDI is the right direction that Vietnam needs to move towards as it contributes to long-term economic development (by increasing capital, employment, increasing linkages effects with local businesses, transferring technology, etc.). Meanwhile, it promotes social sustainable development (proactively implementing CSR, improving the quality of human resources, etc.) without harming the environment and natural resources of the host country (appropriate resource management, efficient treatment and treatment of water, emissions, renewable energy projects etc). Later, proposals to identify and attract MNEs engaging in sustainable investment projects are suggested.

KEYWORDS: : Foreign direct investments, Sustainable FDI, Sustainable Development, Vietnam, Sustainability

Contents

Figures

Tables

Box

Abbreviations

ADB	Asian Development Bank
AFTA	ASEAN Free Trade Area
ASEAN	Association of Southeast Asian Nations
CEOs	Chef Executive Officers
CEPT	Common Effective Preferential Tariff
CIEM	Central Institute for Economic Management
CPTPP	Comprehensive and Progressive Agreement for Trans-Pacific Partnership
CSR	Corporate Social Responsibility
EU	European Union
EVFTA	European - Vietnam Union Free Trade Agreement
FDI	Foreign Direct Investment
FIA	Foreign Investment Agency
FTA	Free Trade Agreement
GDP	Gross Domestic Product
GI	Greenfield investment
ILO	International Labour Organization
IMF	The International Monetary Fund
IoT	Internet of things
IRC	Investment Registration Certificate
IJV	International Joint venture
JV	Joint venture
M&A	Mergers and Acquisition
MNEs	Multinational companies
MNE	Multinational Enterprise
OECD	Organisation of Economic Co-operation and Development
OLI	An eclectic paradigm
PCI	Payment Card Industry

PPP	Public-private partnership
R&D	Research and development
RSI	Relative Strength Index
SAR	Special Administrative Region
SDG	Sustainable Development Goal
SEZ	Special Economic Zone
SFDI	Sustainable Foreign Direct Investment
TNC	Transnational corporation
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNCTAD	United Nations Conference on Trade and Development
UNIDO	United Nations Industrial Development Organization
VCCI	The Vietnam Chamber of Commerce and Industry
VEA	Vietnam Environment Administration
WB	The World Bank In Vietnam
WCED	World Commission on Environment and Development
WEF	World Economic Forum
WTO	World Trade Organization
WOS	Wholly Owned Subsidiaries

1 INTRODUCTION

The thesis's topic is "Sustainable Foreign Direct Investment (FDI) for sustainable development" with the aims are to explore the benefits of sustainable FDI and ways to attract more and more sustainable FDI in the Vietnamese context. There are numerous of study about FDI, how it brings benefits to stakeholders as well as how to attract FDI. Yet, sustainable FDI is a new phenomenon with the large potential but lack of studies recently. Therefore, there is a room for the study to research this phenomenon as a solution for the host country, especially developing countries to promote high economic growth while ensuring social and enviromental stability for the goal of sustainable development. This chapter is to introduces the background and justification of the topic. Following, the research questions and study goals are defined, delimitations and structure of the study are also presented in this chapter.

1.1 Background of the study

In the world economy nowadays, globalization becomes a trend that facilitates international business, which aids businesses to approach customers worldwide and gain more benefits. However, trade liberalization as well as internationalization not only bring benefits to the world economy, businesses also have to face more pressure competition both from domestic and global competitors (Golub et al., 2011). Across the recent decades, the impressive rise with the growing rate in Foreign Direct Investment (FDI) has become a distinctive characteristic of the Global Economy which can be considered as the peak of the globalization process (Donciu, 2013, p.177:185). Capital plays a special role in the development of an economy. It can be mobilized both at home and abroad; however, there is insufficient domestic capital formation for a developing economy, especially in the early stages of economic development. Therefore, foreign capital is essential for a developing economy, and foreign direct investment (FDI) is often seen as the top priority policy for financing that development. (Sahoo & Sethi, 2015).

There have been many studies on the contribution of FDI to the host country, in which the empirical results are often not as expected by the academic research. The effects of FDI on the host country's economic growth are mixed and inconclusive (Hoang et al., 2010, Awolusi & Adeyeye, 2016). Bruno et al. (2017) also emphasize the importance of FDI in globalization as they are the foundation for supply chain segmentation and the development of global firms. The authors also stated that "the usual wisdom is that although the economic effects of FDI on the host economy are mostly positive, they are conditional." For instance, the host country has equipped a qualified workforce, built infrastructure or improved the quality of institutions to captain full advantages that FDI brings. Herzer (2012) also points out that the growth effect of FDI on developing countries varies, depending on the country's "differences in freedom from government intervention, freedom from business regulation, FDI volatility, and primary-exports dependence" (Herzer, 2012, p. 408).

According to Kurtishi-Kastrati (2013), FDI supplements an essential source of capital to the economy, thereby contributing to creating jobs, improving general income, and promoting economic growth. Besides, the author also points out that FDI contributes to the national budget through corporate taxes, meanwhile, promotes export growth of the host country. In particular, FDI promotes technology transfer, a masterpiece that cannot be taken from any other forms of trading or financial investment (Kurtishi-Kastrati, 2013; Casey & Jr., 2017; Wiboonchutikula et al., 2016; Ngo, 2020). The activities of FDI enterprises also contribute to promoting local competition. It can be a positive mark if local enterprises can improve their competitiveness, more efficient resource allocation to develop develop the economy (Kurtishi-Kastrati, 2013). However, in a bad scenario, domestic firms may be acquired or disappeared.

The overall benefits of FDI for developing economies are undisputed, but there are potential drawbacks if the host country does not effectively manage these investors' performance. The host economy may face economic problems, including highly dependent on FDI firms, pricing transfer, lack of positive linkages with the domestic economy or negative technology transfer. It also can face non-economic problems such as environmental pollution or natural exploitation. (OECD, 2002, p. 6). In studying the effects of FDI on African countries' economic growth, Awolusi and Adeyeye (2016) conclude that the effect is very limited or insignificant.

In the current global context, when the competition for resources becomes more severe and the threat of climate change is increasingly serious. Sustainable development is becoming the initial concern of countries worldwide. In particular, the crisis caused by the COVID epidemic has stressed the transformation of the international production structure towards more sustainability (UNCATD, 2020). Sauvant and Gabor (2020) also highlight the shift from FDI for development to sustainable development. FDI has contributed to sustainable development, especially in developing countries (UNCATD, 2018), leading to a new concept: "Sustainable FDI" (Sauvant & Mann, 2020).

The process of economic renovation in Vietnam has been over 30 years (Doi moi). During those years, the economy has gained many remarkable achievements, including the critical contribution of the foreign-invested economic sector. (Revilla Diez, 2016; Bui et al., 2011). Zeqiri and Bajrami (2016) explain that the transition from central communism-planning to an economy that was open to capitalism has undergone fundamental changes in structure. Domestic capital is incapable of reaching the vast investment demands that transition is required in most emerging countries. Thus, FDI is considered significant in the early stages of the transformation, which is a top priority for policymakers. Bui and colleagues state that FDI acts as an essential factor for economic development and accelerating the Vietnamese economic integration process (Bui et al., 2011, p. 321). FDI sector increasingly asserts its important role in Vietnam's the economic growth development. According to statistics in 2019, FDI sector contribute about 23% of total social investment, valuing 23,35% of GDP and accounting for over 67,8% of export turnover. Central Institute for Economic Management (CIEM) report in 2017 states that the foreign investment sector contributes to create more jobs, improve management capacity and technology transfer, etc., for the local economy. FDI also "helps Vietnam be more involved in global value change and production networks", says Bui and colleagues (2011). In particular, FDI has contributed significantly to boosting Vietnam's exports through high export growth, product diversification, and export market diversification (CIEM, 2014)

The Vietnamese government has actively supported and encourage FDI enterprises to continue investing in Vietnam. However, alongside the achievement, FDI also brings a series of issues to the host country. Dinh and Shih-Mo declare that: "Rapid economic growth is usually accompanied by increased energy consumption and may cause unexpected effects on energy resources and the environment", and FDI inflow is the key indicator behind the miracle growth of Vietnam (Dinh & Shih-Mo, 2014, p. 219). The study shows that the environmental pollutants in Vietnam were affected by the amount of energy usage, economic development, and the rapid rise in FDI during recent decades. Thus, if there is a lack of management activities or ineffective management of the state, the drawbacks will explode (CIEM, 2017).

Besides, Vietnam is facing a large number of severe environmental problems, which is the expense for economic growth. Ortmann (2017) declares that the harmful effects of environmental degradation in Vietnam include deforestation and land degradation, the growing level of air, water pollution, and waste, the decreasing biodiversity as well as climate change issues. They do have adverse effects on the health status of people and influence the socio-economic development of the host country. For that reason, the governments and authorities have paid attention and acknowledged the importance of sustainable development. According to Vietnam Environment Administration (VEA), Vietnam highlights the harmonization of social development, economic development as well as environmental protection. To do this, environmental protection goals need to be central to the socio-economic growth target and ascertain the nation's sustainable development. Therefore, the study of the effects of FDI and sustainable development is consistent with the actual needs in the development and integration of Vietnam.

1.2 Justification of the study

Scholars around the world have long attended the relation between FDI and sustainable development. In 2004, UNCTAD pointed out the fundamental factors of FDI that impact the environment, such as policy, technology and methods to maximize its impacts on sustainable development. In addition, there are studies on the reality of attracting high-tech, environmentally friendly FDI inflows in some Asian countries. Typically, policies and practices towards Low - Carbon Green Growth in Asia issued by the Asian Development Bank (ADB) (2013). Sauvant and Gabor (2020) introduce "four specific proposals to promote sustainable FDI for sustainable development under the WTO Investment Facilitation Framework". However, so far, there are very few international studies that directly mention the issue of attracting FDI inflows towards sustainable development, particularly with the case of Vietnam.

Regarding activities to attract FDI inflows towards sustainable development in Vietnam, there have been a few studies. Nguyen et al (2009) discuss how to attract clean FDI to sustain Vietnam's economy. Pham (2009) and Ha (2013) also analyzed policies to attract FDI inflows for the sustainable development of Vietnam's industry.

However, there is a lack of research on sustainable FDI and in-depth analysis of the relationship between FDI and sustainable development in Vietnam. It can be said that this is a gap in research FDI towards sustainable development in Vietnam. Therefore, research focuses on defining sustainable FDI, how it can contribute to the country's development and ways to attract more green projects to the country. This finding will be of value to the authorities and managers of FDI enterprises in developing and operating further strategies.

1.3 Research question

In this study, all perceptions of sustainable FDI and its contribution to sustainable development are examined with the focus on the Vietnam context. This thesis aims to find out the benefits of sustainable FDI, how to identify sustainable FDI as well as find ways to attract more green projects into Vietnam. The research questions formed to be:

How sustainable FDI contribute to sustainable development in Vietnam?

To answer the fundamental problem of this thesis, it is necessary to define what can be seen as sustainable FDI within Vietnam context and how it relates to sustainabilities. This study aims to both theoretical and empirical objectives as below:

1. The theoretical objectives are:

    - To review the primary theoretical background of FDI from the perspective of the host country.
    - The information of sustainable FDI would be studied and developed. The definition of sustainable FDI is not unified yet and it varies due to the perceptions of different countries or economies; Therefore, the researcher would integrate and contribute to defining an appropriate term of sustainable FDI in the Vietnam context.
    - Another theoretical objective is to study the impact of FDI in general and sustainable FDI on sustainable development, and the motives for engaging in sustainability

2. The empirical objectives of this study are:
    - To identify, analyze, and evaluate the potential impacts of the sustainable FDI on the sustainable development of Vietnam.
    - To propose some elementary solutions to select and attract more sustainable projects to enhance the efficiency of operating FDI in Vietnam.

Vietnam is now becoming a hub for foreign investment in the world, with a steady amount of capital inflow every year. Also, the Vietnamese government has a direction in attracting FDI sources selectively with the goal of sustainable development. Vietnam's FDI attraction orientation is consistent with the research topic, sustainable development orientation; therefore, Vietnam has been chosen as the case study for the empirical examination part of this thesis.

The findings of this study will provide a deeper understanding of a new phenomenon, sustainable FDI, and how it influences sustainability. Together with it, the suggested ways to attract more sustainable FDI projects into Vietnam would be presented. Those can help local managers and organizations strengthen their awareness of sustainable FDI. From that, the appropriate authorities could have some solutions to minimize the adverse effects of FDI, maximize the numbers of sustainable FDI into the country as well as improve the efficiency of using the capital from FDI for sustainable development in the upcoming time.

1.4 Delimitations

The research topic is sustainable FDI, an extensive topic because it is the investment activities of private multinational firms into foreign markets. The decisions and activities of an FDI enterprise do not entirely base on the legal framework of a host country. They are also affected by international law and the law of the home country. Since this is a master's thesis with limited resources, the author has limited from the scope of the study out to analyze the legal issues pertaining to organisational structures and other legalities concerning FDIs. Additionally, issues related to financial arrangements and human resource are eliminated from the scope of the study. Although these problem areas are important, the author has only explored them in a limited manner, only to add value to the specific research topic and preventing work scaling.

The author chose Vietnam to study because Vietnam is now becoming a hub for attracting foreign investment in the world, with a steady amount of capital inflow every year. Although inward flow has recorded impressive results, Vietnam still faces many challenges and does not utilize full benefits as its potential. Therefore, the government is also increasing awareness of the need to change in policy strategy, specifically towards attracting new generation FDI which can be seen as "sustainable" FDI, in order to maintain competitiveness and attract Sustainable FDI capital associated with the goal of sustainable development.

The study is focusing on Vietnamese context with no limitation to a specific industry or regional or province. All Foreign direct investment activities located in Vietnam would be considered to have a comprehensive view of this new phenomenon. On the other hand, even though FDIs bring both benefits and potential problems to the investors as well as the host countries (receivers), this study will focus on the perspective of Vietnam as the host country.

Year	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**
FDI inflows	9 200	11 800	12 600	14 100	15 500	16 120
FDI outflows	1 150	1 100	1 000	480	598	465

Table 1 FDI flows in Vietnam from 2014-2019 (Millions of dollars).

Source: UNCTAD, FDI/MNE database (www.unctad.org/fdistatistics).

Although foreign direct investment has two flows, inward and outward, Vietnam is a developing country that has the amount of FDI inflows far out of outflows. On the other hand, the contribution of the inward capital plays much more important roles to the whole countries as well as its sustainabilities; so in this paper, the scope of the study will focus only in the inflows of FDI.

Starting to attract foreign investment from 1988; however, the period before 2000, Vietnam was still in its early stages. At that time, the amount of FDI inflows was not really large and the legal system and policies are not really completed. Therefore, this study will only focus on analyzing the latest statistics from 2000 to 2020, with the aim to provide a metric that is sufficiently broad to assess the situation of capital attraction and use in Vietnam.

1.5 Structure of the thesis

The paper is constructed with a structure of six chapters in total. The thesis starts with the introduction part which includes the background, justification, research question, objectives, delimitations, and general structure of the study.

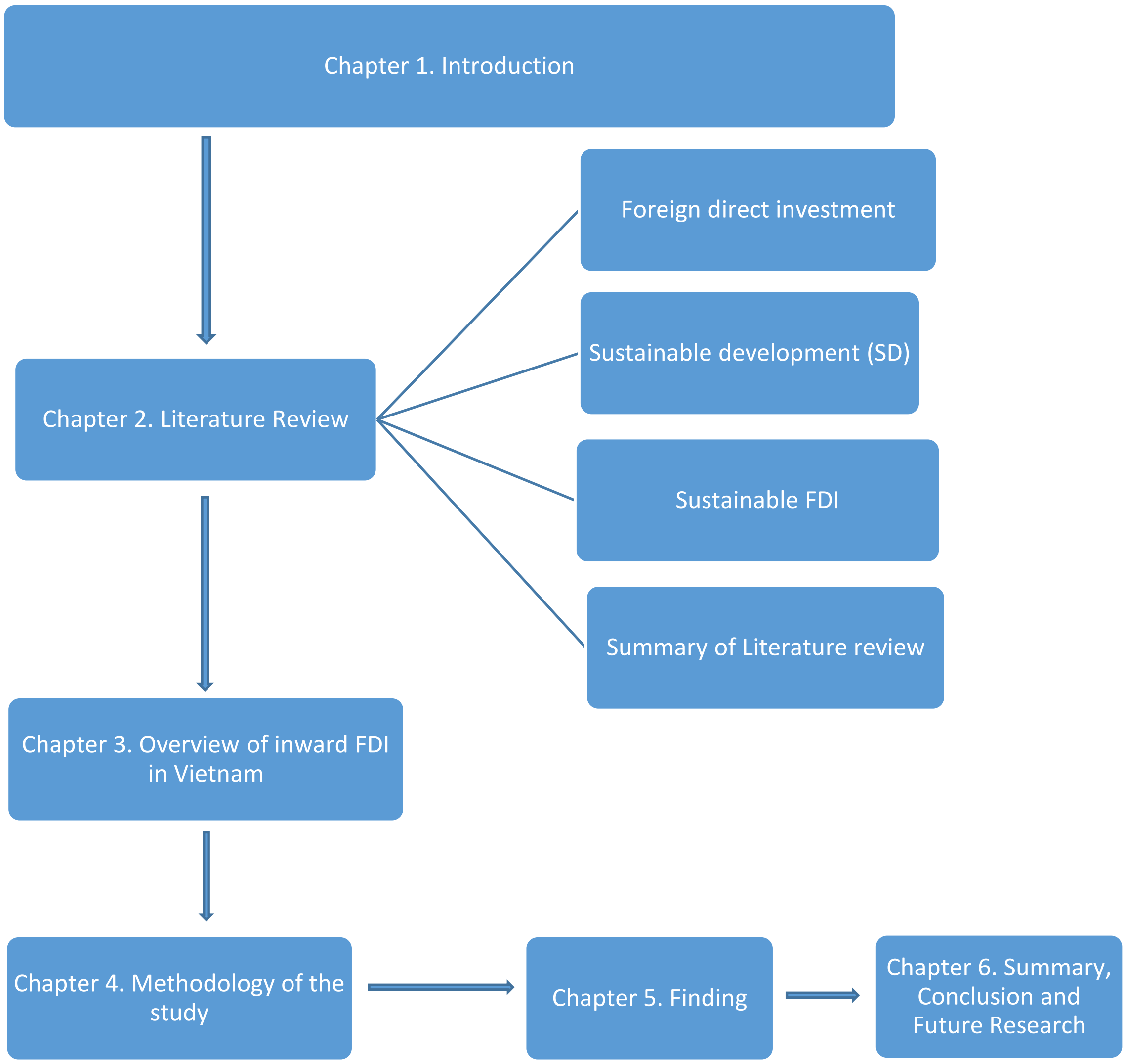


Figure 1 Structure of the study

The theoretical framework would be presented in the next two chapters; The first theoretical concepts would be presented to provide the essential theories related to FDI. Sustainable FDI and sustainable development, which are then developed to the second and third concepts part of the theoretical framework. In addition, the general information of FDI in Vietnam would be displayed.

Then the research method is introduced to present how data collected and analyzed in chapter five. In addition to the research design, the research philosophy, approach and design, this chapter would also explain how the validity, reliability, and ethicalness is manage during conducting the research.

Finally, the findings as well as discussion and conclusions are presented in turn as the outcome of the paper. The empirical part of the thesis would be presented in the findings, then the discussion and final conclusion will briefly mention managerial implications, limitations, and suggestions for future research work within this field of study.

2 LITERATURE REVIEW

The chapter aims to present a general literature review on the research topic. First of all, the fundamental theories related to FDI and sustainable development will be presented, thereby developing into the main research topic: sustainable FDI. The main arguments will be summarized in the last part of this chapter. An overview of the research topic is served as a foundation for empirical analysis.

2.1 FOREIGN DIRECT INVESTMENTS

Foreign investment through FDI by multinational companies has become more popular than ever. Countries, especially developing countries, are also constantly improving to attract foreign investment. So what is the nature of FDI? How did this type of capital formation and how important it is? In this chapter, the terminology related to FDI is introduced, the main characteristics, different forms, the factor affecting factors, as well as the roles of FDI to the host country are presented.

2.1.1 Definitions of FDI

Following the explanatory paper by the Organisation of Economic Co-operation and Development (OECD), Foreign direct investment is "is a category of cross-border investment made by a resident in one economy (the direct investor or parent) to establish a lasting interest in an enterprise (the direct investment enterprise or affiliate) that is resident in an economy other than that of the direct investor" (OECD, 2008, p. 1).

The International Monetary Fund (IMF) defined an *FDI* as an investment in relationships in which an organization in an economy (direct investor) derives long-term returns from an established enterprise in another economy. The direct investors aim to significantly influence the management of a business located in a foreign-based economy.

Katsioloudes and Hadjidakis declare that foreign direct investment is a foreign-located and administratively controlled foreign market entry strategy (Katsioloudes & Hadjidakis, 2007, p. 253). In this internationalization strategy, organizations need to set physical presence overseas "through direct ownership of productive assets such as capital, technology, labor, land, plant, and equipment" (Cavusgil et al., 2017, p. 410)

The motivation for this type of investment is a long-term strategic relationship with the direct investment enterprise. Thus, a key point of direct investment is the intention to exercise control of a company to make financial returns. According to the guidelines established by OECD, the threshold for a foreign direct investment that establishes a controlling interest is a minimum 10% ownership stake in a foreign-based company. (OECD, 2008, p. 48). This minimum requirement (10 % ownership) is also used to differentiate FDI from other foreign investment portfolios which search for financial interests through passive ownership of foreign securities such as stocks and bonds (Cavusgil et al. 2017, p. 410).

The view on FDI in Vietnam is governed in Clause 1, Article 2 of the Law on Foreign Direct Investment, revised in 2000: "Foreign direct investment is the transfer of capital from the foreign investors to Vietnam in cash or any assets to conduct investment activities following the law of investment.

In Vietnam, according to Circular 06/2019/TT-NHNN, FDI Enterprises are:

a) Enterprises established under the form of investment, in which there are foreign investors as members or shareholders, which are approved for an Investment Registration Certificate ("IRC") following regulations of the law on investment;

b) Enterprises (not belong to the above part) with foreign investors owning 51% or more of their charter capital, including:

(i) An enterprise where foreign investors contribute capital or purchase shares and have 51% or more of the charter capital. The enterprise works in restricted business or permitted applicable to foreign investors;

(ii) An enterprise established after the splitting or merging that resulting in foreign investors holding 51% or more of the charter capital;
(iii) Newly established enterprises under specialized laws;

c) The project enterprise established by a foreign investor to execute the project Public-private partnership (PPP) per the investment law.

From the above concepts, FDI in one country means that an investor in another country invests their capital (in terms of money or any assets) in getting ownership and control of an economic entity in that country, intending to maximize its interests. According to international practice, assets in this concept can be perceived as tangible assets such as cash, machinery, equipment, technological processes, etc. It also can be intangible assets, including intellectual property rights, know-how, and management experience, etc. Thus, FDI could be explained as a form of economic relationship with foreign factors.

2.1.2 Characteristics of Foreign Direct Investments

Cavusgil et al. argue that FDI is the most advanced and complicated foreign market entry strategy, follows by distinct characteristics (See figure 2)

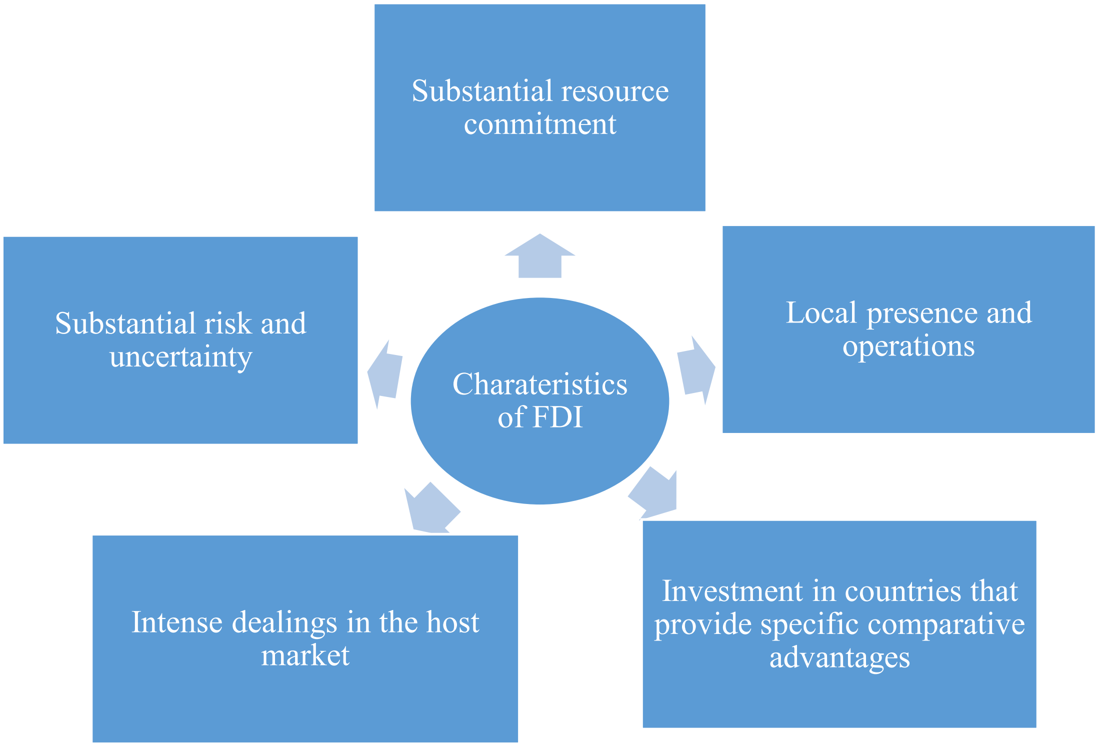


Figure 2 Characteristics of FDI (adapted from Cavusgil et al. 2017, p.414-415)

FDI is far riskier than any entry mode since it requires a firm to set a physical presence overseas by investing considerable resources such as capital, technology, know-how, etc. (Cavusgil et al. 2017, p. 410).

Establishing a presence abroad makes the firm vulnerable to country risk and interference by local governments; states Cavusgil et al. Sharing the same point of view, Griffen and Pustay also declare that FDI firms confront more significant risks than the others. The risks involve governmental policies, exchange rates, host countries' bans and restrictions, and common operating-related challenges in a foreign country. (Griffin & Pustay, 2015, p. 378)

Besides, FDI firms have to deal more with the host country's culture and other aspects of a local Presence and Activity. Naturally, a company establishes a direct position in the market, leading it to direct contact with customers, suppliers, local employees, executives, and governments. Therefore, to minimize potential difficulties, managers often prefer investing in culturally and linguistically familiar countries. (Cavusgil et al. 2017, p.415).

Many theories are explaining how multinational companies (MNEs) decide to choose investment locations. Among those, the famous OLI model by Dunning (first developed in 1979) states that investors chose to invest in countries that provide specific comparative advantages (see Chapter 2.1.4) . Thus, host countries tend to improve their preferential policies to promote their advantages for attracting investors. The reason for favoring FDIs is that this investment is not simple as an international capital transfer; it also promotes technology transfer, management knowledge and experience transfer, and the other intangible assets to the host country, stimulating economic development (Dunning & Lunda, 2008).

According to Dunning and Lunda (2008), most of the FDI capital in the world is subject to multinational companies (MNEs). The nature of it is to maximize the profits of these companies. It leads to a conflict between the goals of the investor and those of the host country, causing negative effects on the host country if the investor was only interested in profit. On the other hand, if the host country does not have a specific and scientific investment plan, it will inevitably lead to rampant investment, ineffectiveness and severe environmental pollution.

2.1.3 Types of Foreign Direct Investment

There are various ways to classify types of FDI. According to Griffin and Pustay (2015), FDI can also be classified based on its enter modes, for instance, buying an existing facility abroad, investing in a completely brand-new plant, or making a joint venture with a local company. Cavusgil et al. propose three approaches to classify FDI. In which based on the form of investment, there are greenfield and mergers and acquisitions FDI; sorted by nature of ownership, the foreign direct investment includes wholly-owned and joint venture. Besides, based on levels of integration, there are horizontal and vertical FDI. (Cavusgil et al., 2017, p. 419)

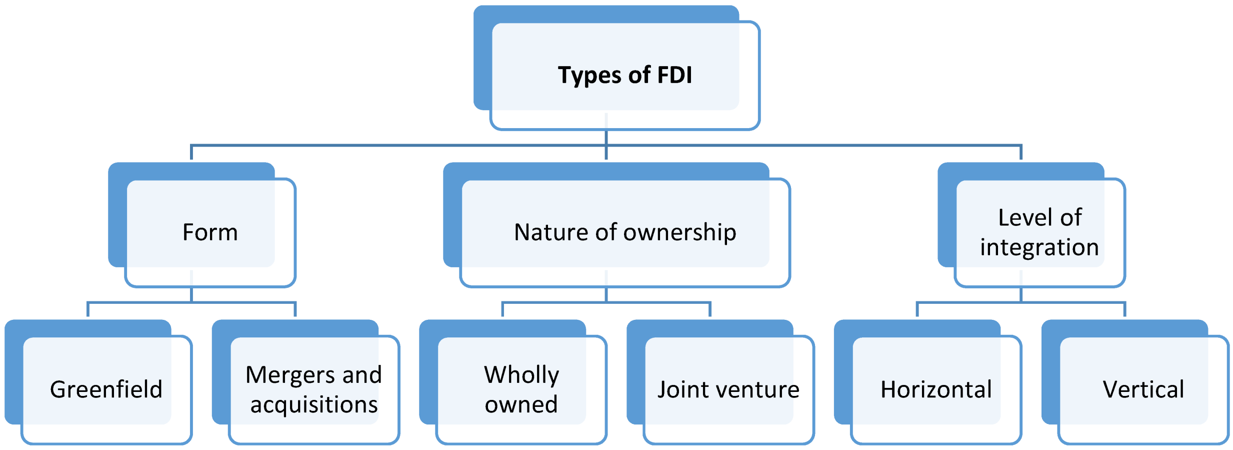


Figure 3 Different types of FDI (adapted from Cavusgil et al., 2017, p. 419)

Vertical integration occurs when the firm owns multiple stages of its value or supply chain to produce, sell, and deliver a product or service (in the forms of suppliers, distributors or subsidiaries, retail locations). The firm may acquire downstream value-chain facilities such as un marketing and selling operations (Forward integration) or off-stream value-chain facilities, such as factories or assembly plants (Backward integration). This integration benefits MNEs by allowing them to control processes, reduce costs, and improve efficiency. On the other hand, horizontal integration is an arrangement in which the firm owns the activities performed in a single stage of its value chain, aiming to benefit from synergies, scale, or reduce competition. (Cavusgil et al., 2017). The degree of integration of FDI firms is often explained by investor's market entry, which is more specifically described in types of MNEs production (see box 1). In this section, greenfield FDI, mergers and acquisitions, wholly-owned subsidiaries, and the joint venture would be reviewed in more detail.

Wholly-owned subsidiaries

Foreign direct investors tend to choose their degree of control in the investment. This is done through full or partial ownership results in an adequate level of control over decision-making on matters such as product development, profit expansion and distribution.

Firms can choose between wholly-owned subsidiaries (WOS) or joint ventures (JV) to ensure control, which also determines the extent to which their provincial financial commitments are fulfilled. (Cavusgil et al., 2017). Empirical findings by Chiao et al. (2010) confirms that a company decides on a WOS or JV strategy based on company-specific assets, international experience, targeted customer, assets orientation and institutional differentiation between the host country and home country.

According to Cavusgil et al., "wholly-owned direct investment is FDI in which the investor assumes 100 percent ownership of the business and secures complete managerial control over its operations". (Cavusgil et al., 2017, p. 420). Buckley and Casson (1976) explain that MNEs tend to enter foreign markets through WOS to protect their proprietary technologies and core competencies. However, entering the market through the WOS method is a very costly decision. Moreover, investors face a higher risk, not only because of the high investment capital but also the dependence on political and social instability in the host country.

From the host country's perspective, WOS are often preferred over JVs because they have the resources and finance to set up an entirely new (Greenfield) including factory, office and equipment, etc. or by acquiring an Acquisition (Cavusgil et al., 2017).

Joint venture:

According to research by Griffin and Pustay (2015), a Joint Venture (JV) is established when a separate company is established and is simultaneously owned by at least two independent entities to serve their common goals. Joint ventures are a form of strategic alliances, but they differ from other alliances because they have their own administrators and manager boards (Walters et al., 1994).

A joint venture has less risk than a wholly-owned company since each partner accounts for risk depending on its share (Cavusgil et al., 2017). Another advantage of joint ventures is that it is easier for founding companies to achieve their goals together than alone by leveraging each other's strengths (Griffin & Pustay, 2015, p. 389).

Joint ventures are an attractive entry strategy because of the complex foreign markets. The authors say that it produces many beneficial outcomes for all parties when the venture is successful; Including, learning among partners, sharing resources, saving costs, and expanding product and service range. JV with a local partner can sometimes be the only entry strategy available to the investors when the host government endeavours to protect its essential industries by banning 100% foreign ownership in those sectors (Cavusgil et al., 2017).

However, Nielsen (2002) the Joint Venture may cause a dispute of ownership between the parties. Conflicts may arise due to disagreement about future investments and profit-sharing. In addition, the mismatch between strategic and rational motives among partners may lead to the failure of JVs. Thus, the selection of strategic partners to implement the joint venture is very important. Before each JV is established, the strategic partner must be considered carefully in terms of strategic motivations, capabilities, and trust-building, which may require a considerable amount of time.

Acquisition and merger:

Mergers and Acquisitions (M&As) is a standard business concept that refers to acquisitions or consolidations between two business entities into a single independent one. The goal of this combination is to promote the strengths of both sides. When two businesses come together, their strength is definitely better than having two individuals operate independently and compete with each other.

Acquisitions occur when a company practices effective control over the facility or management of another company without combining their businesses physically. Whereas in a merger, two firms join together to pool resources for a legal entity. Cross-

border mergers are especially helpful if there are significant differences in culture, competition policy, operating methods, and corporate values in the host country. (Cavusgil et al. 2017, p. 419).
Ferreira et al. (2014) declare that M&As are a critical tool for companies to develop their business, product/service as well as geographic strategies. Therefore, CEOs and managers of multinational corporations prefer this enter strategy for achieving significant benefits and obtaining long-term competitive advantage. Having the same finding, Song and Pettit (2000) also declare that during M&A processes, firms can take a large size of advantages; including, expanding product portfolios and geographical distribution, enhancing managerial specialization as well as engaging in cross-selling, etc.

González-Torres et al. (2020) assert that besides bringing costs efficiency and making new revenues through scales and scope achievement, M&A is also fostering the transfer of intangible and valuable assets such as know-how. Even though M&A has significant influences on firms' results and sustainable competitive advantage, M&A processes include high levels of complexity. (González-Torres et al., 2020, p. 2:3)

From the host countries' governments, the effects of cross-cultural mergers and acquisitions are mixed. Otchereand Oldford (2018) finds that some politicians have a pessimistic view that foreign takeover deals can negatively affect the local economy. Neto et al. (2010) claim that cross-border M&A relates to the transfer of assets from domestic to foreign ownership, which has no added value to the productive capability of host countries, at least from the beginning of the entry. Hence, the host country usually concerns about "insufficient resource transfers, lay-offs, asset stripping, and above all, adverse effects on market structure and competition". (Neto et al., 2010, p. 28).

However, the acquisitions resulted in a shift in market share from competitors to international targets, which showed the industry's concentration improvement. In addition, cross-border acquisitions also drive an increase in innovation by enhancing financial market development in the host country. Otchereand Oldford (2018).

Marinescu (2017) argues that greenfields are more likely to import intermediate goods because it takes longer to establish a local supply base. Meanwhile, acquisition operations tend to use more local sourcing than Greenfields. Therefore, the backward and forward linkages of acquisitions with domestic companies can be better developed.

Greenfield investment:

Greenfield investment (GI) is a form of FDI in which the parent company establishes a subsidiary in another country by building an entirely new facility instead of buying the existing facility (Griffin and Pustay, 2015). Cavusgil et al. explain that as the name "greenfield" implies, the company must start a new operation from the very beginning. In addition to the construction of new manufacturing facilities, these projects may include new distribution centers, marketing subsidiaries, or administrative facilities. (Cavusgil et al. 2017, p. 419). From an investor perspective, Greenfield FDI is chosen because it gives the investors the highest degree of control. However, it requires higher risks and higher costs associated with building new factories or manufacturing plants. (Griffin & Pustay, 2015)

According to Nguyen et al. (2020), investment in the greenfield involves the creation of new entities through the investment and establishment of plants, facilities, and human resources. Therefore, it is expected to directly affect long-run growth through physical capital accumulation and additional production capacity (Ashraf et al., 2016; Nguyen et al., 2020).

Due to the empirical studies, Governments tend to prefer Greenfield FDI over M&A FDI because this type of investment will create more jobs for workers, create new factories, transfer know-how and technology, etc. Hence, they often attract potential firms with offers of tax breaks, subsidies, or other incentives to establish a Greenfield investment. (Cavusgil et al., 2017; Blomström and Kokko, 2003). Although these concessions may lead to lower corporate tax revenues in the short term, the economic benefits and local human capital improvement can bring positive returns to the host country in the long run.

2.1.4 The determinants of FDI

There are various theoretical studies on MNE and foreign investment in the existing academic literature on macroeconomic and microeconomic principles. According to Dunning and Lundan (2008), the theories of MNE activity were first developed in the 1960s, with the two most influential and groundbreaking contributions are Hymer's (1960) theory and the product cycle of Venon (1969). Following that, in theory, many developments explain international trade activities and foreign manufacturing investment, such as the Uppsala model by Johanson and Valhne (1977). Dunning then published his theory of the Internalization of MNEs and the eclectic model of international production (1988, 1992). These theories have become a popular analytical framework for studying foreign investment activities of MNEs and the determinants of FDI. Among those, the Eclectic theory has the most comprehensive approaches, including different interpretations of actors engaged in transboundary value-added activities, achieved exceptional support globally (Sharmiladevi, 2017). According to Dunning's eclectic theory, FDI is realized effectively when all three conditions: (1) Advantage of ownership (O); (2) Regional advantage (L), and (3) Advantage of localization (I) must be satisfied. Otherwise, other entry options such as export, licensing will be more effective (Dunning, 2001).

Specifically, Ownership advantage includes the advantage of assets including both tangible assets (natural endowments, manpower and capital) and intangible assets (technology and information, managerial, marketing, etc.). Unique competitive advantage can help firms overcome disadvantages in competing with the local competitor in the host country. Accordingly, Location advantage highlights the host country's competitive advantages, including resources, size and market growth, infrastructure development, and government policies, to ensure doing business overseas must be more profitable than domestic business. Also, the advantage of internalization shows that MNEs have a lot more interest in controlling overseas business than hiring an independent local company to provide services. These benefits include reducing contracting, control and execution costs, avoiding the lack of information leading to high costs for companies, and avoiding implementing patents and inventions. (Dunning & Lundan, 2008, p. 96:100)

The theory assumes that the "push" factors are derived from the advantages of O and I, while the advantage L creates the "pull" factor for FDI. These advantages are not fixed but vary over time and development of both MNEs and the host country (Dunning & Lunda, 2008). Based on this model, Dunning came up with Host Country Determinants of FDI (see box 1), explaining why MNEs decided to invest in that country.

HOST COUNTRY DETERMINANTS OF FDI

I. General policy framework
- Economic, political and social stability
- Good governance (transparent and credible policies and their enforcement)
- Policies on functioning and structure of markets (especially competition and M&A policies)
- Private property protection (including IPR)
- Industrial and regional policies; development of competitive clusters
- Trade policy (tariffs and non-tariff barriers) and stable exchange rates

II. Policies specific to FDI
- Bilateral international investment agreements (IIAs)
- Investment incentives and performance requirements (pre- and post-entry)
- Pre- and post-investment services (e.g., one-stop shopping)
- Social amenities (international schools, quality of life, etc.)

III. Economic determinants by type of investment

(a) Market-seeking investment
- Market size and per capita income
- Market growth
- Country -specific consumer preferences
- Structure of markets
- Psychic distance
- Access to regional and global markets

(b) Resource-seeking investment
- Land and building costs: rents and rates
- Cost of raw materials, components, parts
- Low-cost unskilled labour

(c) Efficiency-seeking investment
- Costs of resources and capabilities listed under (b) adjusted for productivity of labour inputs
- Other input costs, e.g., transport and communication costs to, from and within host economy
- Membership of a regional integration agreement conducive to promoting a more cost-effective inter-country division of labour
- Quality of market-facilitating institutions

(d) Asset-seeking/asset-augmenting investment
- Competition policy (including M&As)
- Technological, managerial, relational and other created assets
- Physical infrastructure (ports, roads, power, telecommunications)
- Macro-innovatory, entrepreneurial and educational capacity environment

Box 2 Host Country Determinants of FDI

(Source: Dunning and Lundan, 2008, p. 325, (Adapted from Dunning (2006b))

2.1.5 The Effects of FDI for Host Country

FDI has a substantial impact on the economic restructuring of the host country, promoting this process in many aspects: economic sector restructuring, territorial structure, and economic sectors, investment capital structure, technology structure, labor structure etc (UN, 2003). This may explain why policymakers in various host countries compete fiercely for FDI inflows.

2.1.5.1 The Benefits of FDI for Host Countries

Dunning and Lunda (2008) summarise the impacts of FDI on the host country through MNE activities, both direct internal effects of the company and indirectly on local economic sectors. According to the authors, FDI directly affects WOS or M&As: including, effects through the balance of payments, competition impacts, labour market influences, as well as technology and institution transfer through operations. FDI also has similar effects, indirectly linkages effects on local firms linked to MNEs such as joint venture partners, alliances, subcontractors or suppliers, etc. Moreover, MNEs create spillover effects to unrelated local firms through labour market spillovers and Technological Spillover and institutions (see figure 4)

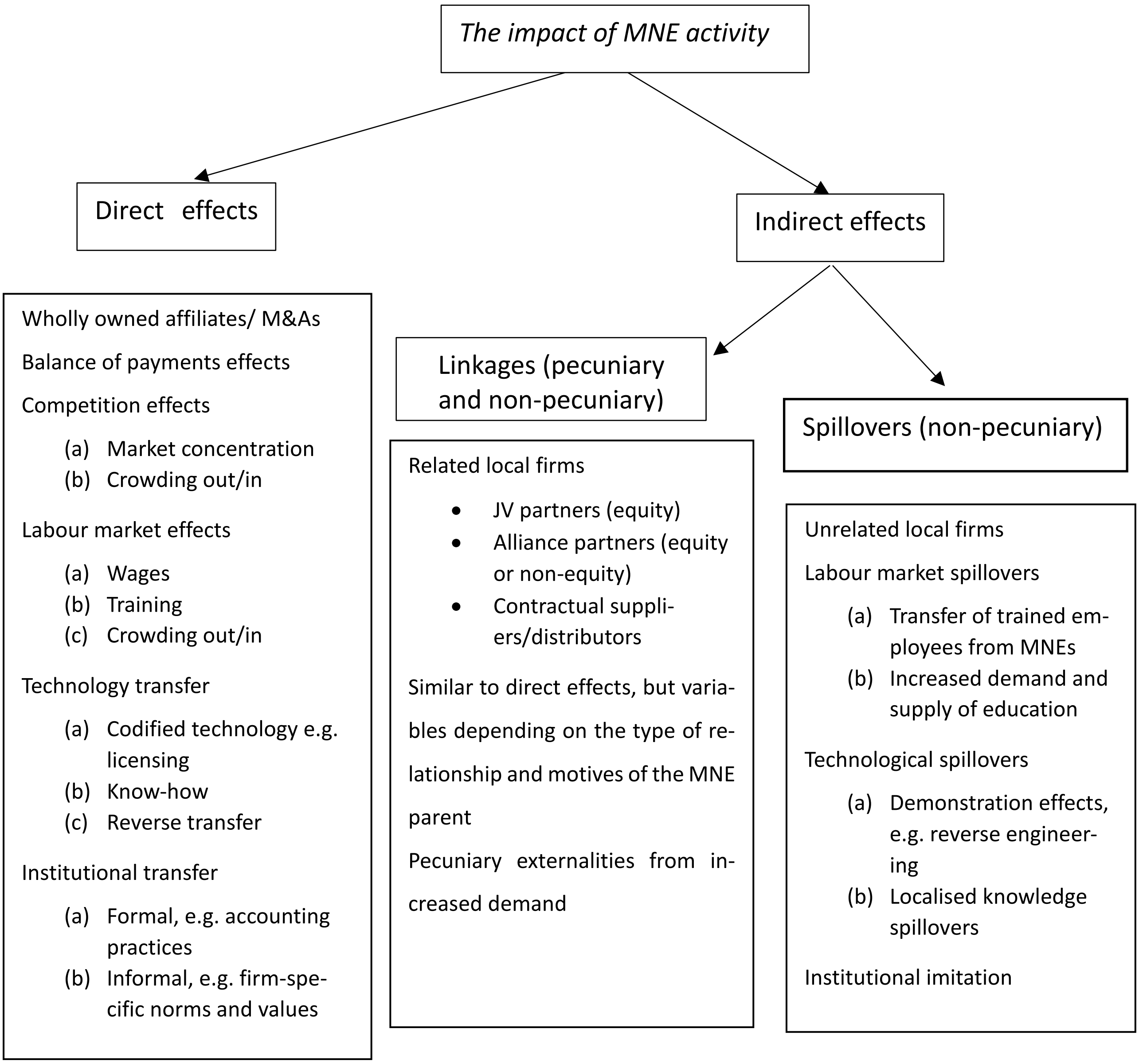


Figure 4 The impact of MNE activity on the host country

(Source: Dunning and Lundan, 2008, p. 325, (Adapted from Dunning (2006b))

There have been many researchers study about the effect of FDI in the host countries, especially in developing/emerging countries. As analyzed by Hill (2000) thanks to resource transfer that would not be available in the host countries such as equipping capital, technology, and management resources, FDI could stimulate the economic growth of the host economy. Moura and Forte (2010) argue that FDI forces "the host country's economic growth through the transfer of new technologies and know-how, formation of human resources, integration in global markets, increase of competition, and firms' development and reorganization".

Kurtishi-Kastrati (2013) implies that technologies that are transferred to developing countries in connection with foreign direct investment tend to be more modern, and environmentally ‘cleaner’ than what is locally available. Moreover, positive externalities have been observed where local imitation, employment turnover and supply-chain requirements led to more general environmental improvements in the host economy. The process of using and transferrine technology from FDI projects has created a link in the provision of technology services from domestic research and application establishments. In this way, domestic technological capacity is indirectly enhanced. In addition to the transfer of available technologies, the TNCs also actively contribute to improving the research and development (R&D) capacity of the host country.

Foreign investors have to use the host country's human resources, to meet production requirements, this human resource needs to be trained in a basic way, some trained domestically, some others can be trained. training abroad. In addition to improving the technical qualifications of the technical team, the host country's management team also has access to advanced working and management methods. (Pham, 2009, p. 477)

The effects on creating a large number of jobs associated with FDI are both direct and indirect. In countries where capital is relatively scarce but labor is abundant, the creation of employment opportunities – either directly or indirectly – has been one of the most prominent impacts of FDI, says Kurtishi-Kastrati (2013, p. 28). The direct effect arises when a foreign MNE employs a number of host country citizens. In addition to the direct workforce, FDI projects create a large number of employees indirectly through service provision, outsourcing, and agency contracts.

According to an OECD report (2002), the presence of foreign enterprises can greatly aid economic development by promoting domestic competition. To survive in that competitive environment, it forces businesses to improve technology, production and allocate resources more efficiently to increase productivity, reduce production costs, and increase competitiveness.

Dunning and Lundan (2008) state that the primary purpose of MNEs implementing FDI is to maximize profits. For efficiency-seeking MNEs, carrying out production abroad for export gives them specific advantages such as natural resources, location, cultural and political environment, price factors, transportation costs, trade barriers (quotas, tariffs), etc. (OECD, 2002, p. 168). Therefore, MNEs significantly impact the increase in exports from the host country, promoting overall economic development. Developing countries often encourage foreign investment in export industries because exports are an essential growth factor for the economy (Kurtishi-Kastrati, 2013).

2.1.5.2 Potential problems of FDI for Host Countries

Dunning and Lunda (2008) argue a conflict of interest between the MNEs and the host country. Although the economic benefits that FDI brings to the host country are huge, taking full advantages and using them effectively depends on the level of technology, labour capacity, and the host country's policies. In bad scenery, FDI can harm the environment and domestic economy.

According to Kurtishi-Kastrati (2013), the competitive effects of generated FDI are mixed. If domestic firms are unable to cope with the competitive pressure from MNEs, the overall effect of FDI on the productivity of domestic firms becomes negative. In Vietnam, many domestic brands had disappeared due to the high competition when the big players entered the market. Besides, many FDI enterprises have the phenomenon of transfer pricing to evade taxes, causing loss of revenue to the State budget (Macelaru, 2013).

In addition, the lack of selective attraction of FDI inflows and inadequate monitoring and supervision processes are the cause of environmental pollution and the risk of exhaustion of natural resources, especially the developing country. Dinh and Lin (2014) show that environmental pollutants in Vietnam are affected by the amount of energy used, the economic development and the rapid increase of FDI in recent decades. Ortmann (2017) explained that when trading rapid growth, Vietnam faces several environmental severe problems, including deforestation and land degradation, air and water pollution, and emissions, biodiversity loss, and climate change problems.

Even though FDI is of great benefit to host countries, it is a condition. Factors that inhibit the overall benefits of FDI in some developing countries include general education and health care, the level of technology of host country firms, insufficient openness to trade, Weak competition, inadequate legal framework and poor infrastructure. Therefore, host countries need to be better equipped to benefit from a foreign presence in their markets fully. (Kurtishi-Kastrati, 2013, p. 30:32)

To sum up, although FDI is believed to make a positive contribution to the host country's development, this is not the primary target of the private multinationals that dominate the large majority of the FDI flows. Businesses make strategic investments aiming at increasing competitiveness and profitability (John Kline, 2012), so each project has a specific level of influence and impacts on the host country (Sauvant & Gabor, 2020). Therefore, Governments should seek to attract MNEs to investment projects in a way that maximizes the positives and minimizes negative impacts on their development (John Kline, 2012).

2.2 Sustainable development

WEF report in Global Risks 2020 warns that we are living in "An Unsettled World" and facing numerous vulnerabilities resulting from climate threats, economic instability, and social cohesions, as well as disasters and pandemic. Therefore, sustainability becomes a trend getting attention from both scholars and practitioners in today's globalized world.

In this chapter, the concept of sustainable development, Triple Bottom Line, and Innovation towards sustainability would be introduced.

3.2.1 Definition

Sustainability is a widely studied topic, and there are many theories to describe and explain it. The development of sustainability concepts in documentation and business endeavours has been remarkable in recent years. John Klineston et al. (2007) estimated that there are about 300 definitions of sustainability that have been documented. However, Purvis et al. (2019) states that it is still an open concept with various contextual interpretations and insights. Wackernagel and Rees (1996) also highlight that these definitions are kept relatively vague to ensure that they are widely accepted. The Abrahams Report (2017) declare there are two normative definitions, which is the definition by the World Commission on Environment and Development (WCED) and the "Three Pillars of Sustainability" by Elkington (1997).

In 1987, in the "Our Shared Future" Report, WCED defined "sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (WCED, 1987, p. 43). WCED's concept of sustainable development mainly emphasizes the efficient use of natural resources and ensures a human living environment in the development process. At the same time, Barbier (1987) declare that sustainable development is a model of transformation that optimizes current economic and social benefits without harming its potential or future benefits.

The World Summit on Sustainable Development (South Africa) in 2002 defined sustainable development as a process of development with a harmonious combination among the three aspects of development, including economic growth, improving social problems and protecting the environment.

In Vietnam, the policymakers assume that sustainable development is a requirement in the country's development process. It refers to "a close, rationally and harmoniously combination of economic development with social development and protection of natural resources and the environment, ensuring national defence, security and social order and safety". People are the centre that is considered the primary resource and the goal of sustainable development. (Decision No. 153/2004 / QD-TTG on the Vietnam Sustainable Development Strategy for the period 2011 - 2020)

Topics related to sustainability is comparatively broad, which range from sustainable supply chains (Govidan et al., 2014; Ahi & Searcy, 2015) to measureand manage performance or air emissions greenhouses (Nishitani and Kokubu, 2012; Hörisch, 2013). Furthermore, the documentary sustainability reviews focus on specific areas, such as marketing or CSR. Specifically, Peloza and Shang (2011), Vaaland et al. (2008), European Commission (2008) selected CSR as the primary focus to explore the theme of sustainability. Concerning this research topic, many studies have investigated the impact of foreign direct investment on sustainable development. For example, Zaman (2012) has studied this topic in Romania, and Ayamba et al. (2020) in China.

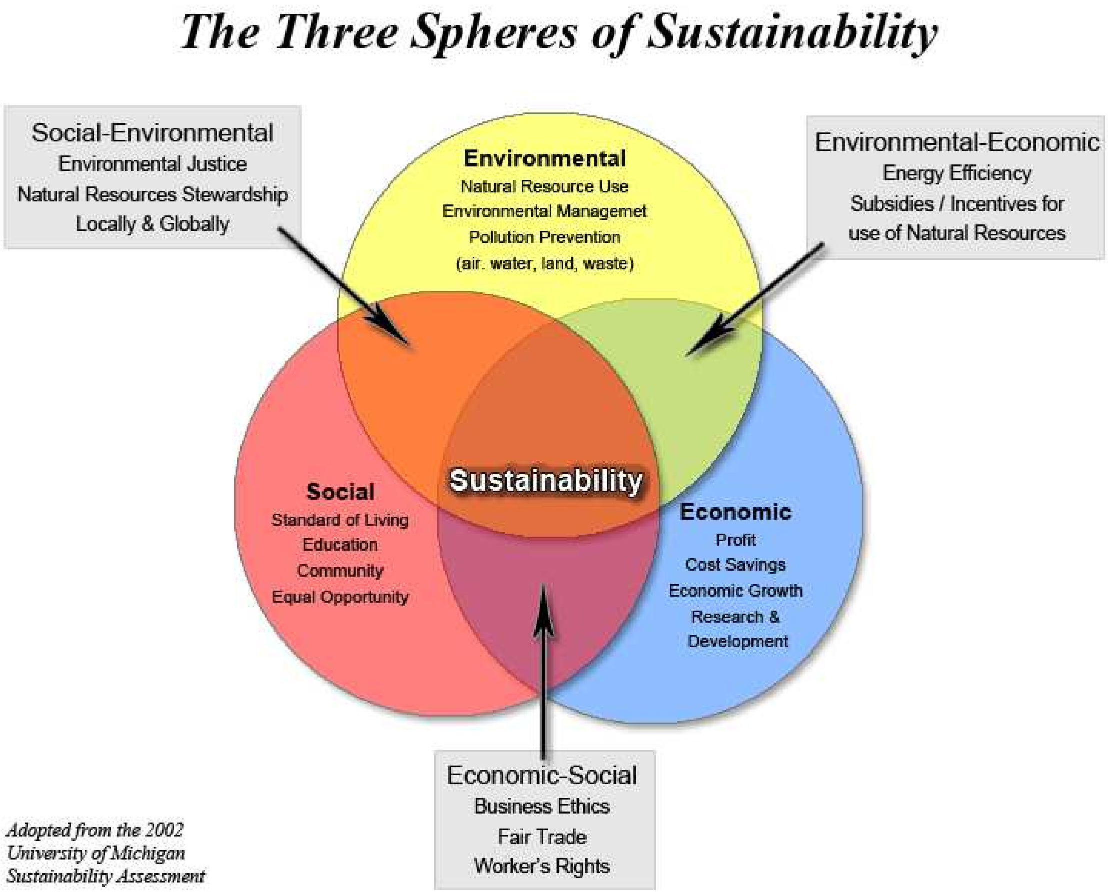
In short, sustainability is the core value of a balancing system formed by three interrelated pillars (Elkington, 1997), which are discussed more in the following section.

3.2.2 Three Pillars of Sustainability

From the Elkington (1997) approach, Sustainability is explained by three related pillars that form an equilibrium system. Mckelvey (2002) argues that these three pillars are interdependent and reinforce through causality and positive feedback. In this part, details on environmental, economic and social development (see figure 5) will be presented in more detail.

Figure 5 The Three Spheres of sustainability.

(Source http://www.vanderbilt.edu/sustainvu/images/sustainability_spheres.png)



This study focuses on both SFDI and sustainable development in the host country. Therefore, the model of sustainable development will be considered from the company's perspective, but it will be examined more closely from the perspective of the host country.

Economic Sustainability

According to Wilson (2015), economic sustainability is reflected in the financial aspects of the business from the investor's point of view. In other words, a company must achieve economic profitability and financial security and continually grow and develop steadily to ensure long-term competitive advantage. Cruz and Wakolbinger (2008) also argued that economic sustainability demonstrates the long-term viability of firms' operations in economic terms, possibly related to costs in manufacturing and manufacturing operations, sales and profits. By doing this, new businesses operate sustainably and achieve their economic goals both in the short term and long term.

Similarly, from a macro perspective, the goal of sustainable development implies that the economy must have a high growth rate but must be associated with efficient and stable development. For a country, the sustainability of economic development manifests itself in the sustainability of economic growth (must simultaneously ensure both quantity and quality requirements) and the sustainability of economic structure translation (the proportion of industry and services increases compared to that of agriculture). Nguyen (2017) declares that a sustainable economy will achieve high GDP and per capita GDP growth while ensuring macroeconomic stability such as inflation, interest rates, government debt, and balance of trade. Moreover, that country must also invest in high quality and productivity production by improving science and technology. (Nguyen, 2017)

Environmental Sustainability

As the space to take place all socio-economic activities of humans, the environment provides input resources for the development process and acts as a core element of sustainable development. Even so, from the very beginning, to capture considerable profits in the shortest time, capitalism has made every effort to exploit the available natural resources fully. In addition, population growth, especially in developing countries, also contributes to consuming a large amount of energy that has not yet been renewed. The limited resources associated with increasing human needs create enormous pressure on the environment, seriously damaging the ecosystem. As a result, sustainability in the environmental aspect has rapidly emerged as a major focus of attention over the past decade (Hens & Nath, 2003; Banerjee, Iyer & Kashyap, 2003; Leonidou & Leonidou 2011).
Environmental sustainability is reflected in the impact of business relationships on the ecological environment. Companies are expected to achieve pollution reduction goals by adopting sustainable practices and processes, Wilson (2015) said. Specifically, the

company can use resources more wisely, cut down on hazardous materials consumption and use energy and water efficiently and safely dispose of waste before being discharged into the environment. Lin and Ho (2008) argue that environmental sustainability encompasses an intrinsic change in corporate cultures, while Lammgard (2012) finds that to be sustainable requires changes in structure and timing.

According to Nguyen (2017), sustainable environmental development is the rational use of natural resources, maintaining a stable resource base, avoiding over-exploitation of non-renewable resources. Sustainable development sets the requirements to maintain biodiversity, atmospheric stability and other ecological activities, limit environmental pollution, manage and treat solid and hazardous wastes well. In addition, sustainable development requires businesses to gradually change their production models towards cleaner and more environmentally friendly production technologies.

In fact, awareness of sustainable development stems from a concern for some countries that choose to hasten economic growth, at any cost, to rapidly increase their current income, regardless of the long-term dangers. Economic development that relies solely on exhausting resources develops and destroys the environment, causing long-term irresistible consequences, is an unsustainable development.

However, existing studies on environmental sustainability are divided into two main streams. On one side, scholars consider the additional costs of developing and maintaining environmental operations. As a result, additional costs influence firm performance (Gray & Shadbegian, 1993; Liu & Sharma, 2011). Sharing the same view, Jaffe et al. (1995) announce that spending high environmental costs does not bring financial benefits and affects the competitiveness of businesses. On the other side, there are also opinions that there is no competition between firms' environmental performance and profitability. Empirical studies have shown that businesses can generate higher profits by reducing product differentiation and increasing inventory returns by applying environmental sustainability (Choi & Ng, 2011; Derwall et al., 2005). Derwall et al. (2005) also claim that companies that maintain high standards in their environmental practices are perceived to have higher market value.

Social Sustainability

Research on social sustainability has been around early, and it has changed over time. Elkington (1994) looked at social development from the internal perspective. According to him, to be socially sustainable, organizations need to embrace diversity, encourage connection in the community, give equity through equal opportunities, organize processes democracy with an accountable governance structure to its stakeholders. The latter researchers extended focused social sustainability on the internal and external communities (Pullman et al., 2009; Wilson,2015). Wilson (2015) argues that social sustainability focuses on social issues, such as working conditions and human rights. Specifically, these companies facilitate and help the local community by creating more jobs, developing labour skills, improving people's living environment, etc. In practice, Corporate Social Responsibility (CSR) programs are often used by companies to enhance their social and possible financial benefits. Kotler and Lee (2005) argue that CSR demonstrates a commitment to improving social welfare through voluntary actions and the use of corporate resources.

According to Nguyen (2017), society sustainability indicates social equity, poverty reduction, job creation, increased income for workers, and constantly improved human living standards. Moreover, society should create favourable conditions for human development and strive to give everyone equal opportunities in developing personal potential. This principle narrows the gap between rich and poor between classes, between rural and urban areas. An undeniable fact is that there will be social problems that need to be solved at any level of economic development. Sustainable development requires optimal trade-offs between many different social and economic developments and the environment (John Kline, 2012).

Social sustainability is concerned and promoted by many different actors and factors. According to Mohr et al. (2001), increasing public awareness and education on this issue leads to an increasing need for CSR implementation. Likewise, the pressure from the public and consumers with their economic prowess forced or encouraged companies to incorporate CSR into their business programs and act carefully (Mirabi et al., 2014). In addition, empirical studies have shown that CSR helps companies in many ways, enabling them to excel under outside pressure. Mirabi et al., (2014) argues that considering the implementation of CSR to solve social problems effectively increases the competitive advantage of the business and helps the company innovate and create new opportunities.

3.2.3. Motives for engaging in Sustainable Development

As mentioned above, the alarming climate change situation, the instability in politics and economics, and the development of the pandemic. Sustainable development has become one of the most critical subjects for international organizations, countries, businesses and is also an individual concern.

There are numerous motivations for companies to engage in Sustainable development. According to Gray and Stites (2013), firms' motivation to involve in sustainability is explained by stakeholder theory and institutional theory. However, due to the conflicting balance among the three Spheres of sustainability, participating in sustainable development will require businesses to find suitable strategies and develop their competitive advantage.

According to institutional theory, organizations face normative pressure from the public, so sustainability makes companies look more legitimate and responsible. Stakeholder Theory asserts that organizations need to be aware of their impact on stakeholders. Accordingly, the incentive to engage in sustainability is to improve stakeholder relationships by satisfying their expectations (Gray & Stites, 2013; Scandelius & Cohen, 2016). Stakeholders tend to pressure companies to grow sustainably, especially if they have operations in developing countries where sustainability violations frequently occur (The Economist, 2012). Bhattacharyya and Cummings (2015) states that stakeholders are increasingly monitoring and evaluating companies' performances, seriously affecting their reputation. Thus, companies can comply with stakeholders' expectations and contribute to improving their reputation.

In addition, empirical studies have shown that proactive implementation of sustainability-related responsibilities contributes to a competitive advantage (Rodriguez et al., 2002). The authours argued that sustainable development could be seen as a driving force for innovation, leading to organizational change and creating value. It is explained that businesses must execute new solutions, new ways of operation, new concepts for their products or services by applying new technologies to meet their sustainable development requirements. As a result, thanks to innovation, they can either reduce costs (including production costs and the environmental cost associated with business operations), enhance product differentiation or create a high reputation.

2.3 SUSTAINABLE FDI

Foreign direct investment is often recognized as an essential source of financial capital and technology transfer, and know-how between countries. (Golubet al., 2011, p. 8). However, in the current circumstances, FDI attraction has shifted towards a sustainable trend. In this section, the definitions, characteristics and relevant factors in attracting sustainable FDI are examined.

2.3.1 Concepts and Definitions

Sustainable FDI is a new phenomenon in the recent decade that is expected to brings potential contributions for green growth/ sustainable development of the vulnerable world nowadays.

Sustainable FDI is defined by John Kline (2012, p. 4) as FDI projects that are profitable enough to maintain sufficient business participation and generate positive net benefits for the host country's long-term development goals “assessment on prioritized economic, environmental, social and governance indicators”, while ensuring that the host country's vital interests are not compromised.

An investment is described as "sustainable FDI" when it increases the impact of FDI on development. According to Sauvant and Mann (2019), such investments must be simultaneously commercially viable, involving their best effort "to make a reasonable contribution to the economic, social and environmental development of the host country and take place in the context of good governance mechanisms." (Sauvant & Mann, 2019, p. 34:35)

Recently, many Vietnamese researchers use the concept of Sustainable FDI as a new path for attracting FDI´s strategy in Vietnam. Yet, there is no clear and operationalized definition of Sustainable FDI until now. Prof Professor Dinh Trong Thinh argues that Sustainable FDI ensures sustainable development in the future. Nguyen (2019) states that Green investment should be in renewable energy thanks to its prospect of becoming a key energy source in the future when the sustainable economy is gradually becoming the trend of the times. She also implies that Sustainable FDI is an investment with high technology, environmental-friendly, and having high value-added with high localization rates. Taking both global and country based view, the Researcher asserts that Sustainable FDI is an investment source that ensures the sustainable growth of the economy, and must meet the Tripple bottom of Social, Environment and Economic benefits.

2.3.2 Characteristics of Sustainable FDI

The sustainable characteristics of FDI can be approached from a government perspective (what they want from FDI to contribute to the sustainable development of their country). It also can analyze from investors' perspective (what they contribute to the development of host countries). According to Sauvant and Gabor (2020), exploring a variety of tools adopted from the eight main stakeholder groups, the sustainability characteristics of FDI, as shown in Table 2.

	Characteristic		Characteristic
Economic dimension	- *Employment* - *Local linkages* - Technology transfer - Infrastructure - *Community development* - *Equitable distribution of wealth* - Tax accountability - Promote research & development	**Social dimension**	- **Labour rights** - *Skills enhancements* - *Public health* - **Workplace safety** **- Non-discrimination** - *Fair wages* - *Benefits* - **Human Rights** - *Indigenous rights* - *Gender* - **Resettlement** - *Cultural heritage protection / diversity*
Environmental dimension	Resource management - *Pollution controls* - **Low carbon/greenhouse gases footprint** - *Waste reduction* - *Biodiversity protection* - *Climate Change* - *Water* - Renewable energy	**Governance dimension**	- **Transparency** - Local management - **Supply chain standards** - Consumer protection **- Stakeholder engagement** - *Anti-corruption* - **Legal compliance** - *Risk management systems* - Environmental management systems - *Environmental impact assessment/ social impact assessment* - Human rights due diligence - Corporate governance

Table 2 The Dimensions of Sustainable FDI and their Sustainability Characteristics

(Source: Sauvant and Gabor (2020), p. 265, sourced from Sauvant & Mann, 2017)

The authors exlain that there are general features of FDI sustainability, which have been defined by more than 50% of the stakeholder's groups. For example, Labor rights, human right, low carbon footprint or Legal compliance are mentioned as general features of the sustainability of FDI. Besides, the above table also describes the "Common Sustainability Characteristics of Emerging FDI". It means that these features are becoming increasingly accepted by over one-third of the stakeholders. Emerging FDI's sustainability includes local links, source of management, improved labour skills; fair wages; and environment, etc. (Sauvant & Gabor, 2020)

Sauvant and Gabor (2020) argue that each country has different priorities for promoting sustainable development. Therefore, it isn't easy to establish a united list, one size fit all, to describe the sustainability characteristics of FDI. Consequently, the table above is seen as a guide list of the sustainable attributes of FDI. From which, companies and governments can be flexible based on their own priorities.

2.3.3 Assessing Sustainable FDI

The evaluation of FDI projects is critical for the host country to have a more comprehensive view of the benefits and costs of the FDI project and decide on investment licensing. Inadequate assessment of FDI projects can produce undesirable results, detrimental to both the host country and the MNE investor (John Kline, 2012). In this section, proposals to evaluate whether the proposals investment is a sustainable FDI and contribute positively to the development goals of the host country.

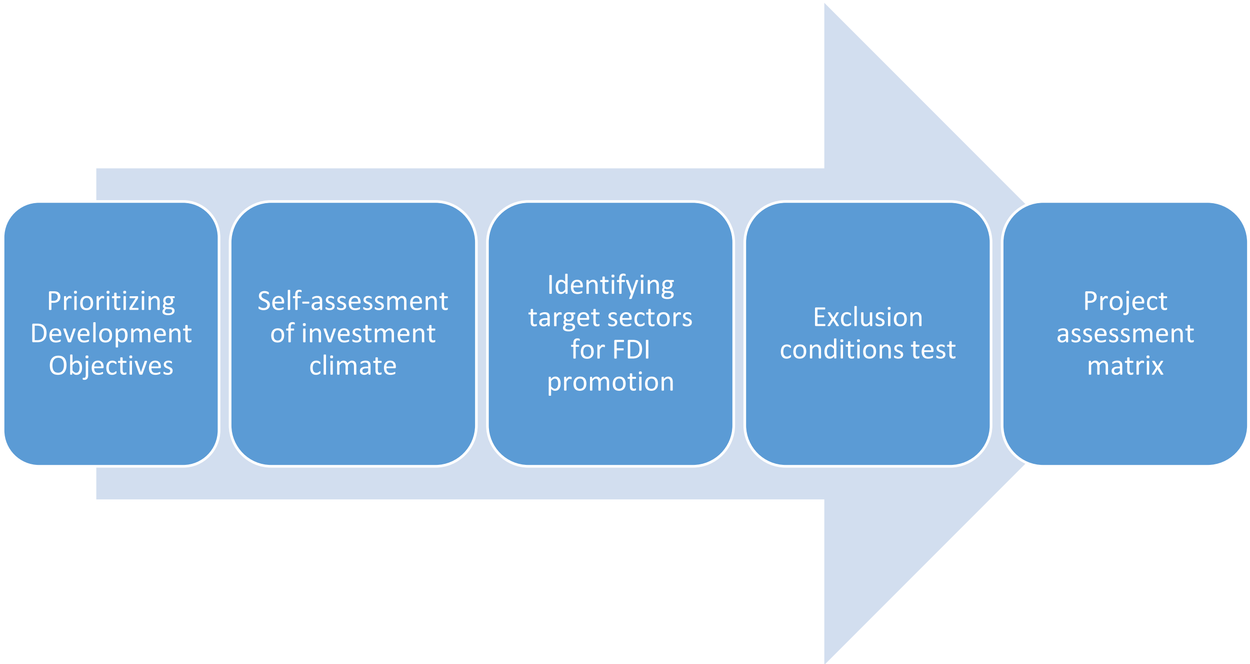


Figure 6 Process to evaluating Sustainable FDI

(adapted from John Kline (2012), Guidance paper on evaluating sustainable FDI)

John Kline (2012) proposes a "Guiding Document" to provide an assessment tool applicable to assessing the impact of an FDI project on the host country's selected development priorities. According to the guidelines, the first step for the host country is to prioritize development goals. These development goals are flexible and adjusted to reflect the country-specific development goals (Specific economic, environmental, social, and governance goals value, see Appendix 2). The author also emphasizes that the goals should be balanced across all four categories while keeping the assessment process manageable.

After setting the priority development goals, the host country should conduct a self-assessment of the positive and negative factors that form its FDI environment (from foreign investors` perspective). By understanding how MNE perceptions relate to nationally prioritized development goals, the government identified factors that could be improved to attract investors.

By comparing priority development goals with their competitive advantages in attracting FDI, the host country identified sectors best match to promote sustainable FDI. Next, Exclusion checks are performed to remove projects that are not viable, cause environmental contamination or threaten national security. Finally, the projects filtered from the above steps will be evaluated using the Project Evaluation Matrix (see Appendix 2). Suppose a Project Evaluation results in a negative net benefit score. In that case, the overall expected impact on the host's sustainability will be negative, indicating that the project should not be encouraged and approved. On the contrary, projects with a positive net benefit score are sustainable FDI and should be encouraged.

According to Sauvant and Gabor (2020), there is a need to create a clear portfolio of 'Recognized Sustainable Investors' to encourage compliance with CSR standards and, significantly, facilitate sustainable FDI inflows to the host country. Accordingly, the RSI is expected to create a transparent model to provide eligible investors with unique advantages (in addition to the benefits offered to all investors from more general provisions of the investment facilitation framework).

Sauvant and Gabor (2020) propose an RSI portfolio that consists of three main parts:

- Basic criteria that all investors must match in order to become an RSI.
- Specific FDI sustainability figures that are set by each host country
- The special benefits for qualified investors belong to the RSI, in addition to those generally available to all foreign investors.

Firstly, it is necessary to establish the basic criteria that any investor must meet to qualify as an RSI, depending on the investment area. Specifically, the Core Criteria will require investors to adhere to some widely recognized and accepted intergovernmental principles, including the Guiding Principles of the United Nations, the ILO Declaration. MNE, OECD Principles - and if so, some industry-specific rules.

In addition to this criterion, Sauvant and Gabor (2020) believe that the investor needs to meet at least two of the following five criteria:

(1) make their CSR report available and progress report widely

(2) a record of compliance with local laws and regulations

(3) maintaining a record management system to allow the necessary internal controls to be exercised

(4) a history of access to environmental, social and governance performance-based loans

(5) maintaining appropriate due diligence and supply chain management systems

The two researchers declare that the purpose of setting these basic requirements is a part to increase investment with sustainable features; They will also help ensure that investors benefit from being RSI.

After meeting the basic criteria to become an RSI, investors will have to ensure that their investments contribute as much as possible to country-specific FDI sustainability characteristics. As analyzed above, each country will have its own priority in sustainable development. Therefore, each country will provide its own terms of sustainability characteristics.

Enabling countries to characterize qualifying investors as 'sustainable' also helps the host country attract projects that match its development goals. Besides, it also allows investors to choose the most suitable features for their project flexibly. However, adhering to the basic and country-specific criteria has increased potential costs. Therefore, countries need to have incentive policies that provide special benefits to motivate investors to become RSI. Specifically, an Investor who meets the above criteria is eligible to supplement unique RSI benefits (in addition to those usually available to all investors) and value from the positive publicity of the country's RSI label. (Sauvant & Gabor, 2020, p. 272:278)

2.3.4 The impact of Foreign direct investment to sustainable development

Historically, there has been an ideology against FDI based on the prevailing view that MNEs are tools of imperialism that rich countries use to destroy sovereignty, oppress workers and declare Waterfall depletes the natural resources of latecomer countries. However, the fact proves that, if it is attracted and used effectively, FDI is a very positive factor contributing to the sustainable development of countries, especially latecomers, from a starting point with low finance and science and technology. Many empirical studies have shown the contribution of FDI to the sustainable development of the host country. Specifically, Chudnovsky and López (2004, 2008) study the Contribution of FDI on sustainable development in Argentina. Branimir (2015) also demonstrated the importance of foreign direct investment towards sustainable growth. John Kline (2012) emphasizes that attracting sustainable FDI helps host countries maximize this benefit and minimize costs.

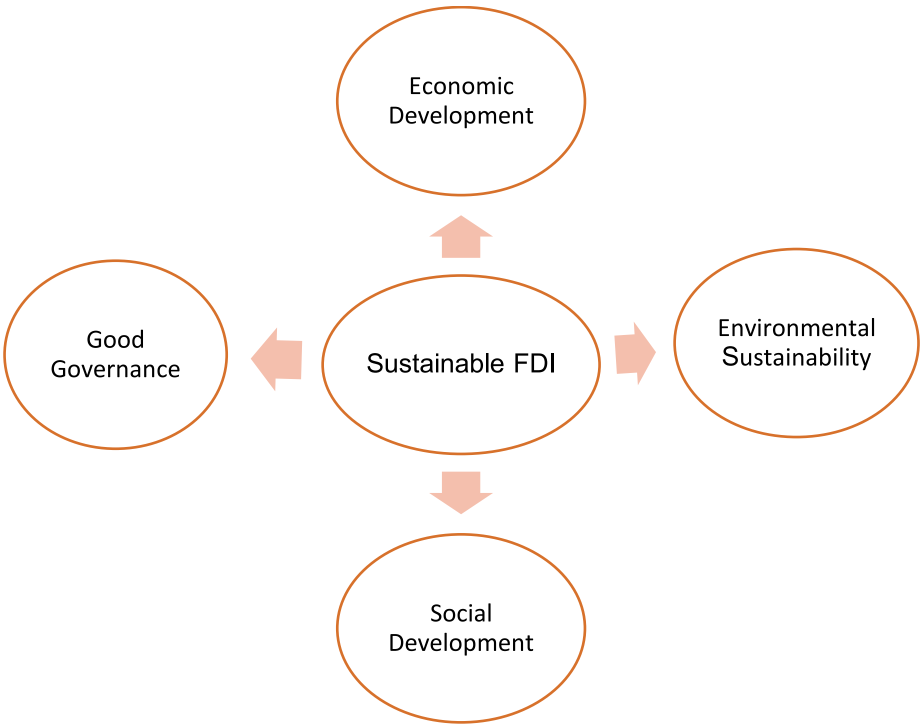


Figure 7 Sustainable FDI for Sustainable development

(Source: UNESCAP, Attracting FDI in support of SDGs retrieved from https://www.unescap.org/sites/default/files/15.%20Marit%20Nilses%20-%20Sustainable%20FDI%20-%20December%202016.pdf)

In terms of economy

FDI compensates for the capital shortages of recipient countries, especially developing countries. The open market allows resources to be used more efficiently and efficiently, which can provide governments with technology that is not available in the country, and by helping companies penetrate world markets, increasing their potential sales performance and realizing economies of scale. As a result, it forms a premise to increase income, increase accumulation for economic growth. (OECD, 2001)

In addition, FDI also promotes the host country's technological level. This advantage of FDI is shown through two main aspects: technology transfer available from the outside and indirectly promoting the technical capabilities of the host countries. FDI is considered an important channel to attract source technology from countries with advanced industries, contributing significantly to the innovation and improvement of production - business efficiency in the international integration of each country. Following FDI inflows are new machines, equipment and technologies, helping developing countries to have closer access to modern science and technology (UN, 2007). The activities of FDI enterprises contribute to accelerating innovation in domestic enterprises (Markusen & Venables, 1999; OECD, 1998). By creating considerable pressure to compete with foreign-invested enterprises, FDI stimulates local enterprises to invest in technological innovation to develop products capable.

Furthermore, developing countries can access world markets thanks to FDI activities. It is explained that most FDI activities are carried out by MNEs, which have a potential advantage in reaching the international market and global supply chains. FDI is the most critical factor for the export boom (both in terms of quantity and structure, especially the transformation of the export structure towards industrialization). All these factors will contribute to creating sustainable development in the economy.

In terms of society

For developing countries, FDI helps to accelerate economic development by creating new businesses, attracting more workers, and partially solving unemployment. Meanwhile, these investments also create job opportunities in other organizations indirectly, when foreign investors buy goods/ services from domestic manufacturers or hire them through outsourcing contracts. (Dunning & Lundan, 2008).

On the other hand, Gupta and Kaur (2016) state that FDI contributes to renewing labour reflection, improving management capacity, developing quality human resources that are considered the decisive factor for the development of society. FDI enhances the host country's human resources quality in various ways, such as formal, informal, and work-based learning. Through financial aid or opening vocational training classes, FDI also contributes to the educational development of the host country (in general education, vocational training, and knowledge dissemination programs). On the other hand, working in a multinational firm help create opportunities for many workers to be trained abroad. As a result, FDI push to improve human resources in the host country, especially the young generation.

In terms of the environment

According to the "pollution haven" hypothesis, some host countries would create potentially competing for advantages by lowering environmental standards or lax enforcement of environmental laws, ultimately resulting in adverse environmental impacts. Yet, as explained by the "pollution halo" hypothesis and the evidence supporting it, sustainable FDI can inject new, cleaner technologies into the host country, upgrading environmental performance and outcomes and lowering carbon emissions. (Zhang & Zhou, 2016)

With it, FDI projects that apply strict environmental standards will also boost the domestic enterprises' sense of responsibility for the environment. Meanwhile, the countries that have achieved the inevitable sustainable development will positively affect the psychology and confidence of foreign investors, leading to attracting more FDI. Thus, it can be said that FDI and sustainable development have a two-way relationship, constantly interacting with each other.

To sum up, Sustainable FDI has a great potential to create sustainable economic growth, improve people's quality of life, and enhance environmental standards in the long term.

2.4 Summary

For emerging/developing countries, FDI can offer potential benefits on a large scale in host countries, such as creating more jobs, technology, know-how and capital across borders. However, that positive impact is not always reality (UN, 2017). Without attracting and using FDI capital effectively, the host country could face some problems such as increasing the gap between rich and poor between regions, macroeconomic instability, or improper disposal of waste causes serious environmental pollution, and many other consequences surrounding this issue. Therefore, attracting sustainable FDI is essential for the development of the country.

According to the current development trend, the focus on attracting FDI has shifted from economic core to sustainability. Sustainable FDI is described as an investment that positively contributes to the host country's economic, social, and environmental development, which takes place in good governance (Sauvant & Mann, 2020). The adoption of sustainable FDI is expected to bring potential contributions to green growth / sustainable development in today's vulnerable world.

The sustainable FDI assessment process proposed by John Kline (2012) is based on prioritising development goals, investment environment, and policies to attract FDI of the host country. Meanwhile, FDI projects are evaluated by the Project Evaluation Matrix (including economic, environmental, social and governance indicators). Thereby, based on the net benefits that the project delivers, the host country can decide whether to license the project or not.

On the other hand, to attract sustainable FDI, host countries need to identify sustainable investors. The three steps to creating the sustainable investor portfolio proposed by Sauvant and Gabor (2020) are: to build the basic criteria that all investors must be fit to become an RSI, then combine with specific on the sustainability of FDI given by each host country. Lasty, special benefits for qualified investors that belong to the RSI need to be specifically proposed in order to motivate investors to engaging in sustainable investment.

3 OVERVIEW OF FDI INFLOW IN VIETNAM

In a distinctive context when the domestic and global economies are heavily affected by the Covid-19 epidemic, Vietnam is still a "magnet" destination for foreign direct investment, states policymakers.

After more than 30 years of economic renovation, FDI has recently grown strongly and become an important means for socio-economic development as well as create a driving force for the development of economic sectors of Vietnam. Although attracting FDI has recorded impressive results, Vietnam is also gradually aware that there is a need for a strategic change in policy, particularly towards attracting new generation FDI in order to maintain competitiveness while consistent with sustainable development goals (Nguyen, 2019). This chapter would introduce the overview of statistics FDI attraction to Vietnam in the period 2000 and 2020 in terms of general registered and realized investment, investor country, economic sector, and investment by province. Moreover, Vietnam's competitive factors in attracting foreign investment, a preliminary assessment of its impact as well as the orientation of the Vietnamese government in the following years will be presented.

3.1 Vietnam in the world economy map

After implementing the renovation policy, Vietnam has been transformed "from one of the poorest in the world into a lower middle-income country". According to a report by The World Bank In Vietnam (WB), GDP per capita increased 2.7 times from 2002 to 2018 and reached over 2,700 USD in 2019. In which, the poverty rate dropped sharply from over 70% to less than 6%. The opening to attract foreign direct investment is a big and correct policy of the government that contributing to the achievement of many important socio-economic development goals of the country. Vietnam now is one of the most dynamic emerging countries in the East Asia region and has been increasingly integrated into the world economy. (WB, 2021)

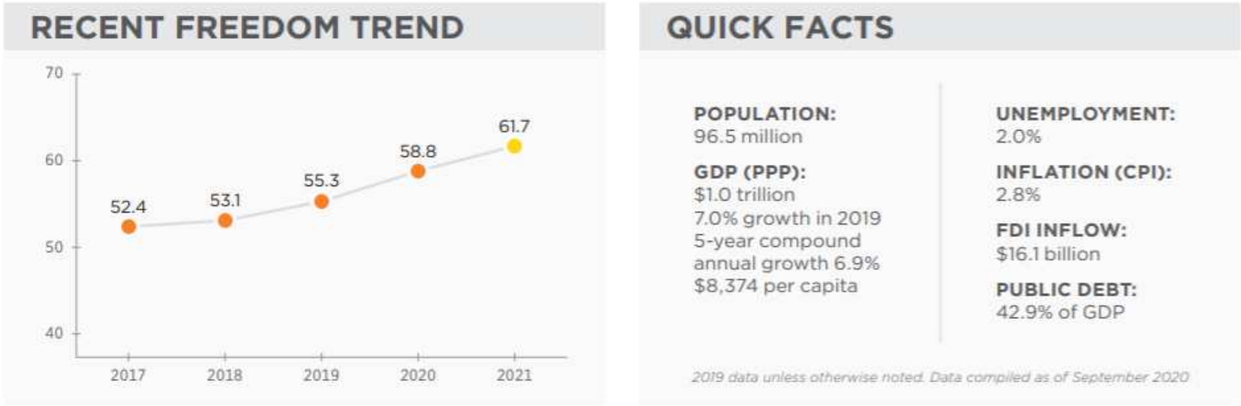


Figure 8 Vietnam economy outlook

(Source: 2021 Index of Economic Freedom from https://www.heritage.org/index/country/vietnam)

Contrary to the gloomy economic picture of the world, Vietnam's economy continues to achieve positive growth when GDP in 2020 increases by 2.91%, according to the General Statistics Office. Although it is the lowest growth of the economy in the period 2011-2020, this is is a great success in the context of a complicated Covid-19 epidemic. Remarkably, Vietnam has been recorded among the highest growth rate in the world by 2020, said Era Dabla Norris, mission chief to Vietnam and division chief in the IMF’s Asia and Pacific department. In addition, Vietnam's economy is assessed to be strongly recovered in 2021 thanks to policies promoting economic growth such as accelerating disbursement of public investment capital, promoting domestic consumption, and stimulating domestic tourism demand, etc (Nguyen, 2020). Specifically, ADB forecasts Vietnam's economic growth in 2021 to reach 6.1% while the IMF predicts GDP growth at 6.5% and inflation at 4%.

In particular, thanks to the well-controlled Covid-19 epidemic, Vietnam has become a safe destination to shift the investment wave of many multinational corporations around the world, policymakers affirm. Vietnam's FDI inflow in 2020 still reaches $ 28.5 billion, according to data from the Foreign Investment Agency. Along with that, Vietnam's economy is deeply integrated with the world economy through a series of Free Trade

Agreements (FTAs). In particular, there are FTAs that are expected to bring many positive changes to exports and attract FDI in the coming time, for example, the Vietnam - EU FTA (EVFTA). It is forecasted that in 2021, with the participation of authorities and the efforts of the business community, Vietnam's export growth to the EU market will be more positive. (Nguyen, 2020)

3.2 Statistics of FDI inflows in Vietnam

The current situation shows that the world's political and economic environment in the coming time will be extremely complicated and unpredictable. In the Orientation to attract FDI in the period of 2018 - 2030 report of Vietnam, policymakers argue that due to the Trade conflicts between major economies in the world, Vietnam gets more opportunities to attract global foreign investment flows. Particularly, Vietnam is the prioritized destination for the investment movement of countries from China to countries in the region.

However, the COVID-19 crisis is happening complicatedly, affecting the business situation of enterprises as well as their investment and expanding strategies. The UNCTAD 2020 report on the impact of COVID 19 on global FDI inflows reveals that two-thirds of the top 100 largest MNEs are affected; At the same time, it is expected that global FDI inflows in 2020 will decrease by 30-40%, M&A activities will decrease by 70%. Therefore, the impact of the epidemic will greatly affect the inflow of foreign investment into Vietnam in 2020.

Rank	Host Economies	Inflow Value (Billions of US$)
1	United States of America	246
2	China	141
3	Singapore	92
4	Netherlands	84
5	Ireland	78
6	Brazil	72

7	China, Hong Kong SAR	68
8	United Kingdom	59
9	India	51
10	Canada	50
11	Germany	36
…		
21	Viet Nam	16

Table 3 Ranking the host economy attracting FDI inflows, according to UCTAD (2020c)

Thanks to the high efforts to promote foreign investment of the government, Vietnam entered the group of the top 20 FDI-attracting countries in the world for the first time in 2018. In 2019, when global FDI tended to stimulate drop, Vietnam's FDI disbursement also exceeded the amount of 20 billion dollars and ranked as 21st host countries (UNCTAD, 2020c)

3.2.1 Distribution of FDI inflows by registered capital and realized capital

Vietnam started the process of attracting FDI in 1988 and by 2000, it has attracted over 42 million dollars. At this stage, foreign investment began to be effective and contributed to the economy as well as creating a premise for this capital flow strongly into Vietnam.

Year	Number of projects	Total registered capital	Total realized capital (Millions of dollars)
2000	391	2 763	2 399
2001	555	3 266	2 226
2002	808	2 993	2 885
2003	791	3 173	2 723
2004	811	4 534	2 708
2005	970	6 840	3 301
2001-2005	4 326	23 569	16 241
2006	987	12 005	4 100
2007	1 544	21 349	8 034
2008	1 171	71 727	11 500
2009	1 208	23 108	10 001
2010	1 237	19 887	11 000

2006-2010	6 147	148 074	44 636
2011	1 186	15 598	11 000
2012	1 287	16 348	10 047
2013	1 530	22 352	11 500
2014	1 843	21 922	12 500
2015	2 120	24 115	14 500
2011-2015	7 966	100 335	59 547
2016	2 613	26 891	15 800
2017	2 741	37 101	17 500
2018	3 147	36 369	19 100
2019	3 883	38 019	20 380
2020	2 523	28 530	19 980
2016-2020	14 907	166 909	92 760

Table 4 FDI inflow by capital in Vietnam from 2000-2020.

Souce: Collected from General Statistics Office and Ministry of Planning and Investment (FIA in VN)

The period 2001 - 2005 was a period of attracting FDI with many difficulties. Nguyen declares that due to the impact from the international context, many countries in the region, especially China, have improved their investment environment, which has more or less affected Vietnam's FDI attraction process. Meanwhile, Vietnam's investment environment is not really attractive to foreign investors. (Nguyen, 2017)

The period 2006 - 2010 marked a turning point in the FDI sector's economy when Vietnam joined the World Trade Organization WTO (in 2007). It created the second FDI wave in 2008 when Vietnam attracted 1,171 projects with a total registered capital up to 71.7 billion USD. In general, the investment scale in this period increased significantly compared to the preceding period (2001-2005), the number of projects increased by about 1.2 times while the implemented capital increased by more than 3 times and the registered capital increased more than 7 times.

In the period from 2011 to 2015, disbursed capital was quite stable and had good growth, achieving the original plan of the country with an average is about 20 billion dollars per year. Although the total registered capital investment in this period is lower than in the former time, the actualized capital is higher. It shows that the management and disbursement of capital have been improved.

From 2016 up to now, the scale of investment has increased significantly with an increase of 66% compared to the period 2011/2015. Yet, the total realized capital decreased somewhat. Accumulated to December 20th, 2020, according to the Foreign Investment Department, the whole country has 33,070 valid projects with a total registered capital of 384 billion USD. The accumulated implemented FDI capital is estimated at 231.86 billion USD, reaching 60.4% of the total valid registered investment capital (FIA, 2021).

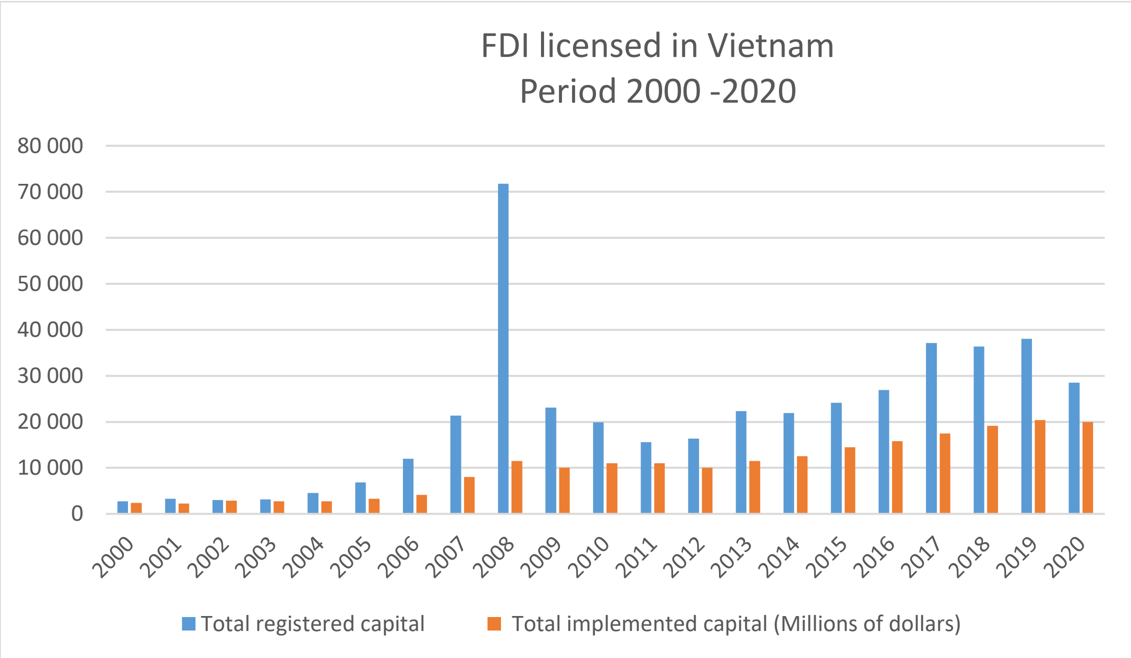


Figure 9 FDI licensed in Vietnam from 2000-2020

Souce: Collected from General Statistics Office and Ministry of Planning and Investment (FIA in VN), accumulated to December 20th, 2020.

In general, the variation between registered capital and realized capital has somewhat improved, yet is still very large. Experiencing periods with many economic fluctuations and various impacts from the general crisis in the world, but statistics on the inward FDI reflect a more positive and optimistic outlook. Vietnam's investment environment has been increasingly improved that gained the trust of major investors.

3.2.2 Distribution of FDI inflows by investor countries

Until December of 2020, there are 139 countries and territories investing in Vietnam, in which South Korea is the biggest investor which followed by Japan, Singapore, and Taiwan.

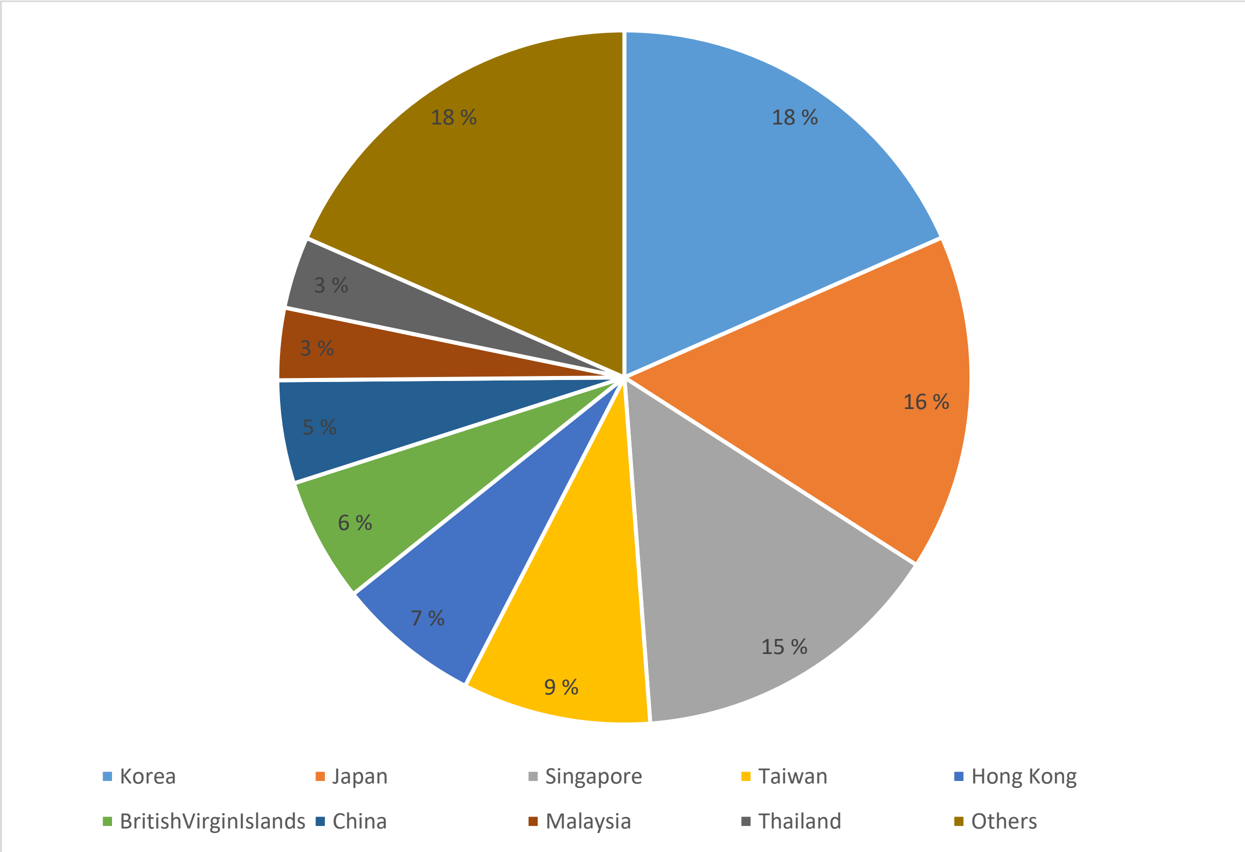


Figure 10 Top 10 investor countries in Vietnam.

Source: Collected from Ministry of Planning and Investment (FIA in VN), accumulated to December 20th, 2020.

Currently, Korea is the highest investor with 8 983 valid projects and a total registered capital of more than 70, 6 billion USD (accounting for 18.4% of total investment capital). At the same time, Vietnam also ranks 4th among the partners that Korea invests in abroad. Typical Korean FDI enterprises such as the giants Samsung, LG or Lotte, etc. are always an important part of the Vietnamese economy. Korea's FDI projects are mainly in areas such as processing and manufacturing industries; communications and real estate business. (FIA, 2020)

Japan ranked the second-biggest investor in Vietnam with nearly 60.3 billion USD (capturing 15.7% of total investment capital). According to the Ministry of Planning and Investment, Japanese investment capital concentrated mainly in the processing industry and information and communication fields. Many Japanese investors such as Honda and Toyota have been continuing to build factories across Vietnam. Japanese investors typically look for a cheap labour force and potential markets (in the domestic service and consumption sector). Hence, Vietnam perceives high ranks in the list of potential countries/regions for the investment of Japanese investors. Also, Vietnam is considered a new destination for Japanese investors to replace China due to the US-China trade dispute. (FIA, 2021)

Currently, Singapore's FDI capital invested in Vietnam tends to increase strongly, accounting for 14.7% of FDI. It is mainly concentrated in the processing industry and the real estate business. While Taiwan contributes about 33 700 billion USD, accounting for 8.7%. In which, the manufacturing industries accounted for the most with more than 90% of the total investment capital of Taiwan. Currently, the big players in Taiwan's leather and footwear industry have chosen Vietnam as the place to build and develop their new factories. (FIA, 2021)

According to the Ministry of Planning and Investment, in 2020, there are 112 countries and territories investing in Vietnam. Singapore leads with a total investment of nearly 9 billion USD, accounting for 31.5% of total investment in Vietnam; South Korea ranked second with a total investment capital of over 3.9 billion USD, accounting for 13.8% of total investment capital. China ranked third which followed by Japan, Taiwan, and Hong Kong.

The general statistics show that investors from Asian countries still account for the majority of the total registered FDI in Vietnam. It could be explained that Vietnam is also an Asian country with a shorter geographic distance and similar culture. Therefore, those MNEs can easily enter and adapt to the Vietnamese market. In order to attract more FDI into Vietnam from countries with potential economies in Europe and America, Vietnamese government is proactive and active working toward international economic integration, states policymakers. Vietnam has gradually expanded and deepened its relations with other countries and territories. In particular, Vietnam has recently stepped up the negotiation and signing of Free Trade Agreements (FTAs) with many important and potential partners. The most recent are the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and FTA with the European Union (EVFTA).

3.2.3 Distribution of FDI inflows by industries

Foreign investors have invested in 19 economic sectors, in which, manufacturing is leading with 226.5 billion USD, accounting for 59%. The following sector is real estate business with 60 billion USD, accounting for 15,5%; and the electricity sector which values 7.6% of the registered capital.

The distribution of FDI capital into economic sectors and fields continued to maintain the same proportion as in previous years. There are some positive changes in real estate business due to the expanding market supply and demand. Besides, FDI enterprises investing directly in commercial real estate also partly stimulate the strong development of this segment.

From the beginning of 2019 up to now, FDI inflows have continuously poured into Vietnam's real estate (real estate) market. According to the General Statistics Office, in 2020, the registered capital of real estate projects reached 4 185 million USD, accounting for 14.7% of total registered capital. According to Navigos Group's recruitment demands for senior management level report in the second quarter of 2019, the wave of FDI investment in factory construction has led to the rise of industrial real estate.

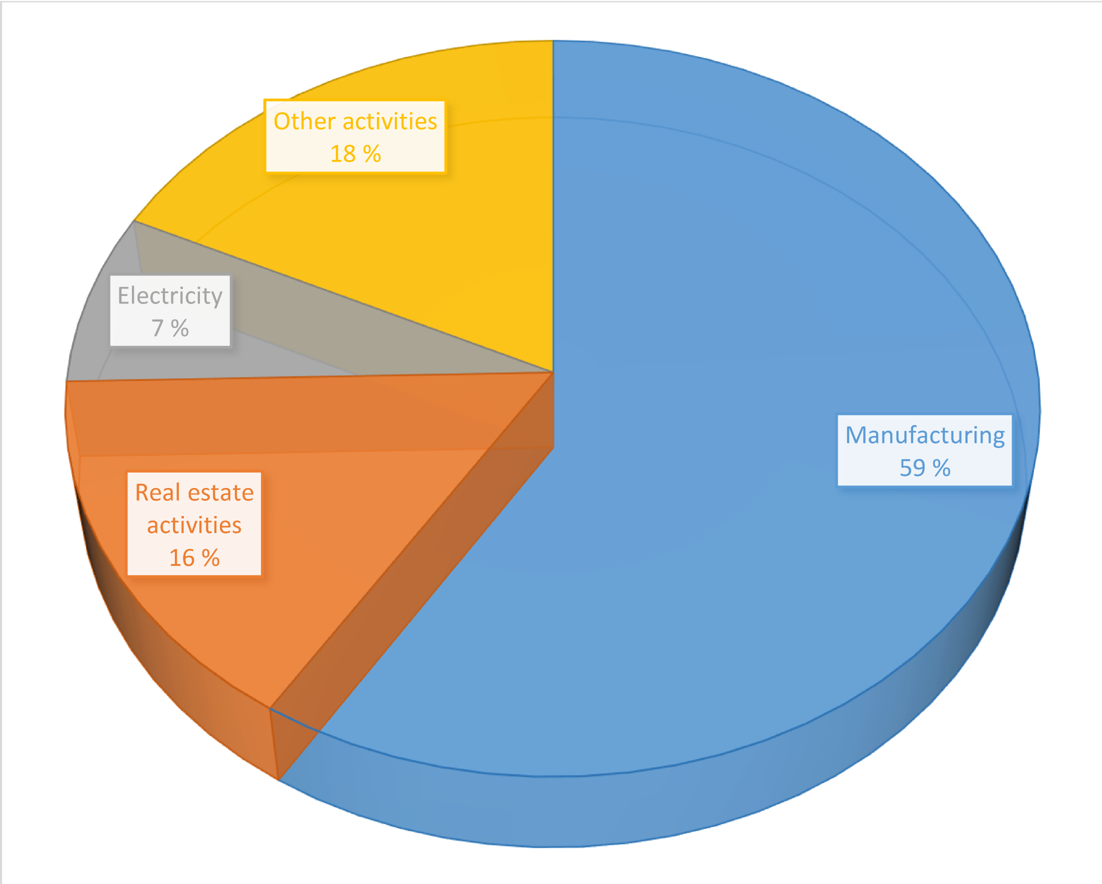


Figure 11 FDI inflows in Vietnam by economic activities.

Source: Collected from Ministry of Planning and Investment (FIA in VN), accumulated to December 20th, 2020.

3.2.4 Distribution of FDI inflows by Province

According to the report of the Ministry of Planning and Investment (2020), up to now, FDI has been presented in 63 provinces and cities in Vietnam. Although FDI has spread across the country, the amount of investment capital is not evenly distributed. They are mainly concentrated in key and advantageous areas, key economic regions, especially key economic regions in the South such as Ba Ria, Vung Tau and Ho Chi Minh City, Binh

Duong, Dong Nai alternately. In which, the 10 provinces and cities attracting the largest foreign investment accounted for 68% of the total registered capital of the country (259.4 billion USD). The remaining 53 provinces and cities only account for 28.5% of the total registered capital.

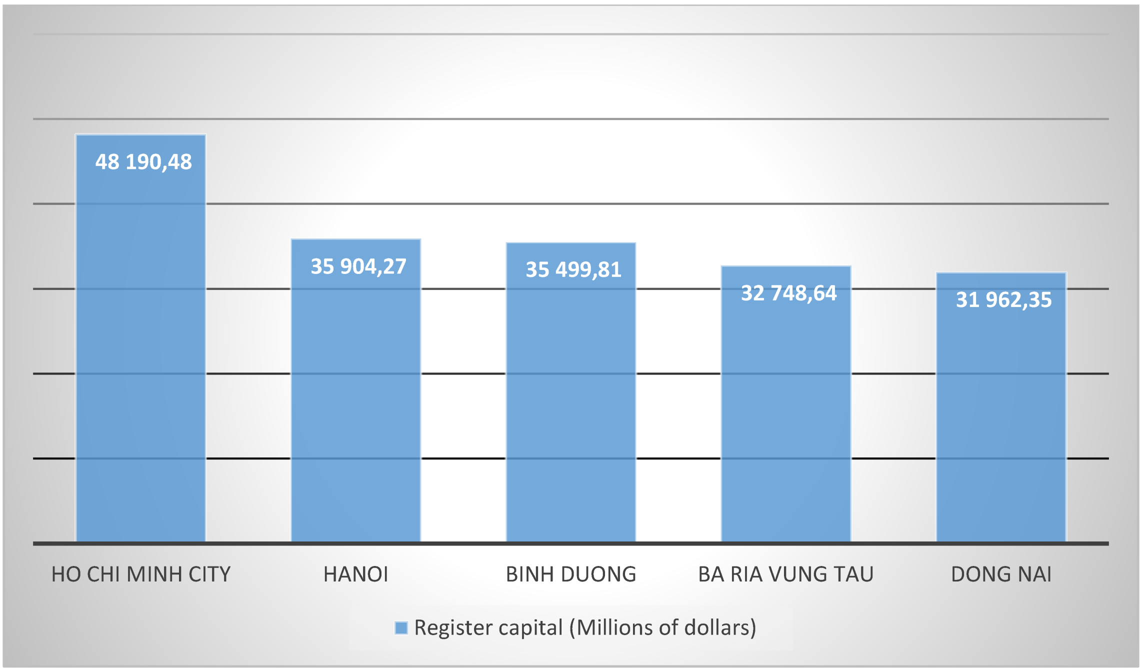


Figure 12 Top 5 provinces receiving FDI inflow

Source: Collected from Ministry of Planning and Investment (FIA in VN), accumulated to December 20th, 2020.

In terms of capital scale, Ho Chi Minh City leads with 9952 valid projects, registered capital of more than 48.19 billion USD, accounting for 12.5% of the total registered capital of the country. Hanoi ranked second with 6384 projects and the registered capital of 35.9 billion USD, accounting for 9.3% of the total registered capital of the country; Following province is Binh Duong, Ba ria- Vung Tau and Dong Nai.

Particularly, in 2020, Ho Chi Minh City attracts the highest investment with registered capital of 4.36 billion USD, accounting for 15.3% of total investment capital. Bac Lieu ranked as the second one with a new, big project having 4 billion USD, accounting for 14%

of total registered investment capital. Hanoi is the third tractive province with nearly 3.6 billion USD, accounting for 12.6% of total investment capital.

3.3 Determinants of FDI inflows to Vietnam

According to the World Economic Forum report, Vietnam's Global Competitiveness Index (GCI) has changed and improved gradually over the years. In particular, the year 2019 marked the outstanding progress of Vietnam in improving the GCI, which is the country with the most robust increase in scores globally. Also, it is a country in the Asia-Pacific region with the highest competitiveness in the world. Vietnam's GCI ranked 67th in 2019 (out of 141 countries in the ranking), increasing ten marks and 3.5 points compared to 2018 (see figure 13).

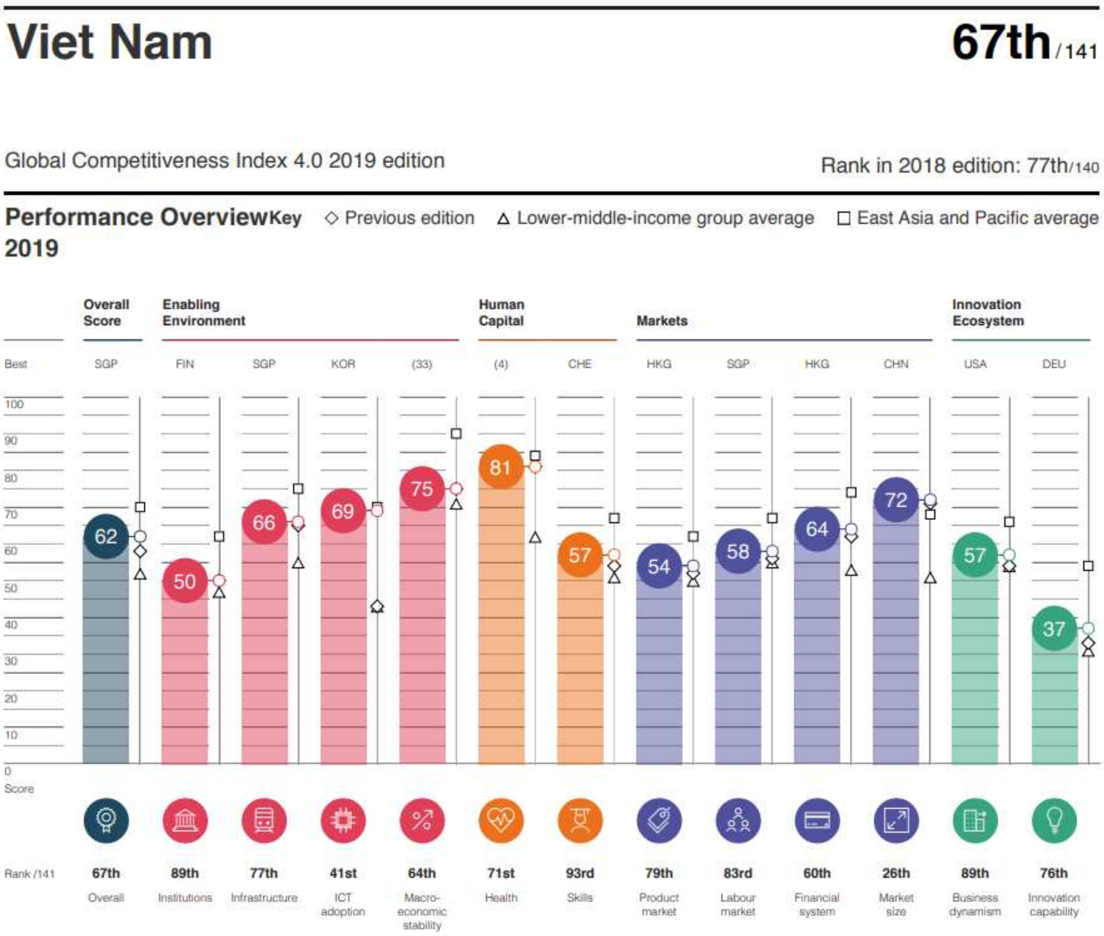


Figure 13 Vietnam performance in Global Competitiveness Index

Source: The Global Competitiveness Report 2019, p. 593)

Recently, all levels of government have become increasingly aware of their responsibilities and actively and actively participate in improving the business environment. National competitiveness has been significantly improved through the abolition of thousands of unreasonable business conditions as well as an increase in the number of online public services. Accordingly, more than 50% of businesses have assessed that the business environment in Vietnam is significantly improved (more open and convenient). (Le, 2019). The improvement of the business environment and the enhancement of Vietnam's competitiveness has dramatically contributed to attracting foreign investment.

There are several studies examining the main elements of FDI in Vietnam. Vietnam has competitive advantages in terms of big market size, young and cheap labour, economic and political stability, FDI supporting policies, infrastructure, as well as advantages from FTA. In general,

* Market Size: Vietnam is one of the most growing and energetic economies in the global aspect. Vietnam financial system has grown tirelessly and has grown at a significantly high rate compared to the average of the world and the region. Despite the fact that most countries experienced negative growth due to the COVID-19 outbreak, Vietnam’s number remained positive at 1.6% growth in 2020. According to the updated IMF forecast from January 2021, Vietnam’s GDP growth is estimated to rebound at 6.5% this year, higher than 6% of the global average, and at 7.2% in 2022. Additionally, the current population of Vietnam is 96.4 million, ranked 15th in the world, which illustrates the abundant purchasing power of the market. Therefore, Vietnam is becoming an intriguing market for foreign investors. The previous studies´ finding shows that market size is one of the key determinants for their investing decision in Vietnam (Du, 2011; Mirza and Giroud, 2004; Nguyen, 2018; Nguyen and Nguyen, 2007).

* Political stability: Because of the fact that Vietnam is a one-party country ruled by Communist Party of Vietnam (CPV), it is one of the most politically stable countries in South East Asia. According to the WEF (2019) assessment, Vietnam has stable politics

with a terrorism rate of 0%. However, Vietnam's institutions are still undervalued with a low level of Budget Transparency (15 points out of 100), poor press freedom, and a high rate of corruption (33 points out of 100).

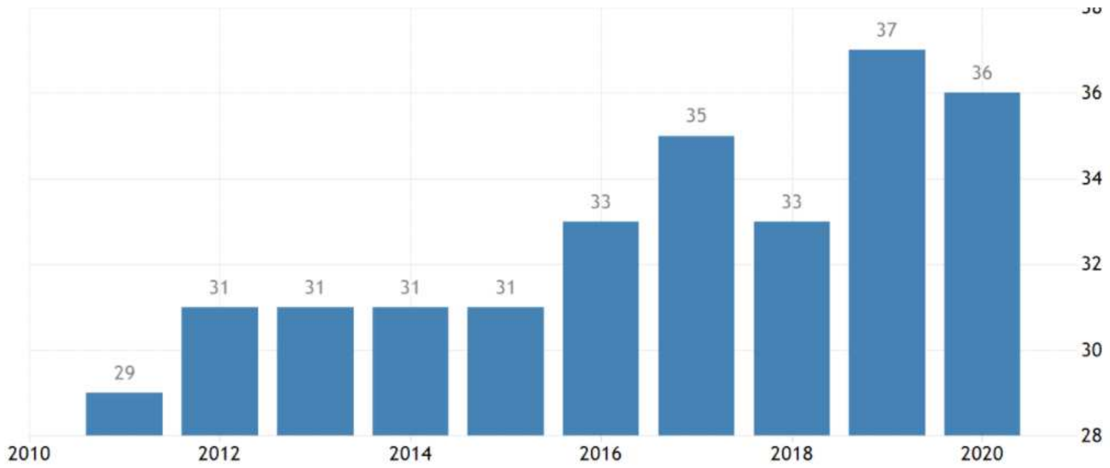


Figure 14 Corruption Index of Vietnam (2010 -2020)

Source: Tradingeconomics.com, collected from Transparency International.

According to figure 14, in the past ten years, Vietnam's CPI has tended to improve in a positive direction. The results reflect the government's efforts in promoting anti-corruption work. However, Vietnam's CPI score in 2020 is only 36 out of 100, proving that corruption in the public sector is still considered bullying. Therefore, to create a transparent investment environment to attract FDI effectively, Vietnam needs to carry out more drastic and more decisive anti-corruption efforts.

* Labour force: In terms of labour advantages, Vietnam is considered to be an attractive investment destination due to the advantages of a wealthy and low-cost labour market. Due to the fact that more than half of the population is in working age, Vietnam is in the golden age of population configuration. It could be said that Vietnam has a young, healthy, dynamic, and potential labour force that is able to absorb advanced knowledge for development. However, the contemporary Vietnam’s labour productivity level is still very low in South East Asia region. Specifically, according to PPP 2011, Vietnamese labour productivity in 2017 reached 10,232 USD, equals to 7.2% of Singapore; 18.4% of Malaysia; 36.2% of Thailand; 43% of Indonesia, and 55% of the Philippines.

* Policies to encourage foreign investment: The Government of Vietnam has shown its determination to attract FDI inflow. Therefore, the Government has actively implemented preferential policies such as corporate income tax exemption and reduction, import tax exemption for a number of categories, exemption from rent and land-used, etc. Furthermore, Vietnam is continuously improving the business investment environment, including laws and social institutions, as well as enhancing the effectiveness of policy implementation (Nguyen, 2018). Accordingly, Mirza and Giroud´s (2004) finds that country's investment stimulus policy is one of the determinants of inward FDI in Vietnam.

*Advantages from FTA: In order to integrate international economic, Vietnam has gradually expanded and deepened its relations with other countries as well as international organizations. According to the Ministry of Planning and Investment, " Vietnam has participated in 16 FTAs. There are 7 FTAs signed as ASEAN members (CEPT / AFTA and FTA with partners China, Korea, Japan, India, Australia, and New Zealand, and Hong Kong) and 4 FTAs signed as an independent party with partners: Chile, Japan, Korea, Asia-Europe Economic Union. In which, the most recent agreement is the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and FTA with the European Union (EVFTA)". The policymakers declare that FTAs contribute to strengthening trade relations between Vietnam and its partners, removing trade barriers to deeper participation in global production and supply chains. Hence, they create more favorable conditions for Vietnam to attract FDI from partners. Many empirical findings also prove that the FTA could increase Vietnam's inward FDI (Nguyen & Haughton, 2002; Parker et al., 2005)

* Inflation: One of the minor elements affecting FDIs is inflation. A recent study on the relationship between inflation rate and FDI was conducted by Xaypanya et al. (2015) report that inflation rate had a negative effect on FDI inflows into ASEAN countries. Vietnam, on the other hand, is a country which has high inflation rate (approximately 4%

in 2020). However, with several benefits and policies above, inflation is not one of the prerequisites affecting foreign investors when they decide to invest in Vietnam.

3.4 Current situation and FDI attraction strategy for the following period.

The contribution of FDI in Vietnam is impressive, yet there are also potential issues that need resolutions. This subchapter will discuss both spillover effects of investment and its challenges for the economy. Then, the Vietnamese government strategies to attract and fully utilize a new wave of FDI in the period from 2020 to 2030 would be presented

3.4.1 Current situation of attracting and utilizing FDI in Vietnam

FDI attraction has been identified as one of the important tasks for our country to realize the goal of industrialization and modernization in Vietnam. As a result, after more than 30 years of implementing open policies, FDIs have made important contributions to the country's socio-economic development. According to Nguyen (2017), FDI has brought positive values to the economy, including:

i. Promoting economic growth
ii. Promoting economic restructuring following modernization
iii. Increasing the scale of investment capital for the economy
iv. Improving the level of technology, promoting import and export
v. Expanding foreign relations and increase international economic integration
vi. Improving the quality of human resources.

It is confirmed that FDI is one of the important factors affecting Vietnam's economic growth (Pham et al., 2018; Nguyen & Le, 2018). There are also many emperical studies have demonstrated the spillover effects of FDI on the Vietnamese economy. Nguyen and Nguyen (2008) find positive evidence for the improving of technology in manufacturing and horizontal spillover in the service sector. In addition, Anwar and Nguyen (2014) have also confirmed the impact of FDI on economic growth, Vietnamese trade position in the world, as well as pushing the productivity of domestic firms. The Vietnam Chamber of Commerce and Industry (VCCI) has stated that besides spillover effects to the local economy, FDI also promotes the government to perfects market economy institutions and enhances economic management capacity.

However, there still exist shortcomings in attracting and using FDI in Vietnam. Including:
- Low rate of projects using high technology (has not attracted source technology)
-Don't create a breakthrough in the trend of attracting FDI (the projects just focus on exploiting natural resources, the market, assembling, processing using a lot of labor, consuming energy);
- The spillover effect from the FDI sector to domestic enterprises is limited
- The state management is inadequate (transfer pricing, labor).

The problem of attracting FDI projects has been posing to Vietnam many challenges, especially environmental issues. Because the increase of inward FDI needs the corresponding amount of energy consumption as well as CO2 emissions (Dinh & Shih-Mo, 2014). Moreover, the trend of investments in Vietnam focuses on industries that are not environmentally friendly such as Ship repairing, exploit minerals, paper powder production, chemical production, and so on. These are projects that pose a risk of environmental pollution and degradation due to a large amount of waste including wastewater, exhaust gas and solid waste, and a high concentration of pollutants. Besides, many FDI enterprises have imported used and outdated technology, equipment, and machines. Their production lacks technological solutions to waste treatment. (VCCI report, 2019)

In fact, there have been a number of FDI enterprises that violating environmental protection law in Vietnam, causing serious consequences related to the natural environment and people's quality of life. The case of Formosa Ha Tinh in 2016 is the most typical example causing enormous environmental pollution in the marine of four central provinces.

The reliance on FDI and low-value outsourcing traps is big issues in Vietnam (Vu, 2018). Vietnam's economy is increasingly dependent on the FDI sector which is shown in the triangular production networks. Clearly, production activities are mainly produced and coordinated by MNEs from developed countries and then exported back there. In this case, Vietnamese productions mostly focus on the outsourcing and assembly stage, which is the easiest and cheapest. According to Vu, the low localization rate is essentially due to the fact that local enterprises are not able to supply and integrate into the global production network of MNEs.

So, what is the right strategy for Vietnam for attracting and captaining the whole benefits of FDI inflows in the next years?

3.4.2 Orientation to attract and use capital in Vietnam in the coming period

In the Orientation strategy to attract FDI in the period of 2018- 2030, the Ministry of Planning and Investment defines the goals and the direction to attract FDI as the following:

Vietnam aims to attract high-quality FDI and utilize it more effectively to access new technologies to ensure sustainable development; increase linkages between domestic and foreign businesses for deeper integration of global value chains; and strengthening the capabilities of the workforce.

Following the above Orientation strategy, the direction to attract FDI in the coming period is to prioritize capital flows into high-tech, innovative-tech, and environmental-friendly industries. The preference industries in this period are information technology, electronics, telecommunications, automobile, agricultural machine, construction equipment, industrial equipment, electrical equipment, supporting industry, internet of things (IoT). The government also encourages the establishment of research and development centers of foreign investment enterprises in Viet Nam.

Strategic partners are large corporations in developed countries but there is also room for small and medium enterprises. However, these investors must ensure technological conditions, engage in global value chains, develop supporting industries and strengthen ties with domestic firms.

Other priority fields include the processing industry, high-tech and high-value agriculture, medical equipment, healthcare and education, high-quality tourism and other modern services. Meanwhile, Vietnam will continue to attract FDI into profitable industries such as textiles, footwear, etc. However, it prioritises the stages of creating added value associated with intelligent and automated production processes.

On the other hand, the government aims to successfully transition to “Business Environment 4.0. in order to create a business environment corresponding with business needs in the digital era”. Ministries, departments, and local authorities have been promoting the improvement of economic institutions, improving the business investment environment according to international standards.

4 METHODOLOGY OF THE STUDY

In designing and conducting a thesis, choosing a research methodology is one of the most important decisions since it determines the nature of the whole paper. In this chapter, the methodological structure of the thesis is presented, then data collection and analysis methods are described. After that, the validity, reliability, and ethicalness of the study are presented.

4.1 Research philosophy and research approach

The scientific research method is considered a practical principle of the research, which determines the success of the scientific research. According to Saunders et al. (2012), research philosophy relates to a process of developing the knowledge based on its nature and relevant. The authors first developed a "research onion" in 2007 to represent six different stages that help the researcher to construct an impressive methodology (see figure 13)

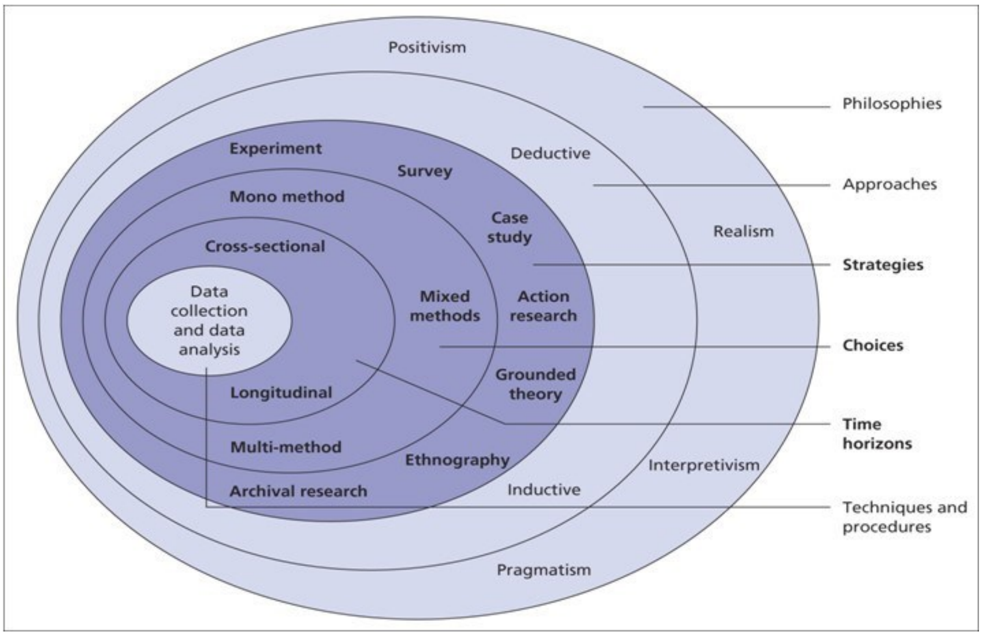


Figure 15 The research onion (Saunders et al., 2012, p. 108)

Following the above research onion, there are four main research philosophies: Positivism, realism, interpretivism, and pragmatism. First, regarding positivism, the scientist is an unbiased analyst and isolated himself from personal values and works separately. Interpretivism, on the other hand, is based on the principle which the researcher's views and opinions play an important role in the research output. Pragmatism illustrates that the research philosophy's selection is primarily influenced by the research issues, while realism is the combination of positivism and interpretivism philosophies. This research topic is carried out to gain a better understanding of the principal phenomenon, which is the effects of Sustainable FDI on Sustainable Development among businesses in Vietnam. Therefore, the research philosophy of this study is consequently interpretivism since the researcher aims to "understand the differences between humans in their role as social actors" (Saunders et al. 2012, p. 137).

Primarily, the researcher opt for interpretivism as the crucial philosophy because she wants to, through profound integration with other subjects' perspectives, further comprehend and elaborate currently existed knowledge and considerations on the topic. On the other hand, if positivism is applied in this study, the required deep understanding of the complex research area would be wholly compressed into a sequence of theoretical generalizations. Consequently, positivism basically neglects the pivotal element that is needed in this particular research – intepretation of human actions. In interpretivism, the researcher plays a critical role in understanding and explaining the collected data, which explains why "interpretivism incorporates human interest into a research study and recognizes differences between people". (Saunders et al., 2012, p. 137).

About the research approaches, there are two approaches toward the theory development – inductive and deductive. The biggest difference between inductive and deductive approaches is that inductive approach's objective is to develop a theory while deductive approach aims to test an existing theory. As a result, the approach used in this study is deductive, which aims to test the proposition of the existing theory related to the topic. In deductive inference, when the premises are true, the conclusion must also be true be after which suitable theories are applied to support the data (Saunders et al., 2012)

As claimed by Saunder, interpretive philosophy highlights the use of qualitative analysis to achieve the results, instead of applying quantitative or statistical analysis, which are based on positivism and realism. Thus, the research's design is qualitative. This is a mono-method research since only one data collection technique – face-to-face inter-view - is used to gather the data (Saunders et al., 2012). The empirical part would consist of semi-structured interviews as well as the analysis of the interviews from the theoret-ical perspective. The benefits of the interview are its flexibility and personal interaction with the interviewees (Hirsjärvi, Remes & Sajavaara, 2018. p. 204).

The questions for the interviewees were decided based mainly on the theoretical part of the paper, which tries to find desirable answers to the research's main questions. The interviews are semi-structured with the aim to have an open discussion about the topics and add further specifying questions if necessary. Semi-structured interviews were cho-sen because they are suited for qualitative research as they allow for more in-depth discussion and it will allow interviewees to discuss various aspects that they consider important and significant. (Saunders et al., 2012, p. 172).

4.2 Sample of the study

The sample of a study can have profound effects on the results of a study. Therefore, the selection of the sample is critical. In this section, sample selection is first presented. Then, how the data collected and analyzed is discussed in detail, respectively.

4.2.1 Selection of the sample

In this study, the sample was chosen based on their experience working in/with the FDI companies. The selected interviewees' positions range from middle manager to high manager level, which implies that they are experienced and specifically interest-ed in the research topic. To start with, the researcher's aim was to seek for FDI companies in different industries as well as the local partner companies and associations that are working directly with FDIs. Then, the researcher found a suitable expert from the company, who is knowledgeable about the nature of FDIs, to conduct the interview with.

The study has no limitation in any specific companies or industries, which is why a variety of companies were contacted to find suitable experts. For example, there are FDI companies working in the manufacturing sector such as FrieslandCampina, ABB, and Olam Group and Vinh Tan Thermal Power Plant 1. Another two FDIs companies focus on the service sector which is namely including KMTC and IFB Vietnam. The remaining others are local companies and associations that have strategic partnerships with major FDIs companies in Vietnam. The reasons for choosing the local partners are to have a more comprehensive view from both inside and outside the target FDI. Moreover, the presence of experts from the Lefaso and Department of Planning and Investment would also bring to the research an alternative view on the topic - the authority´s point of view.

There are 18 companies and organizations contacted by email or phone in the early stage, of which 15 responded, and ten qualified experts agreed to participate in the interview. The interviewees' positions were different, so the opinions were comprehensive, which did not emphasize perceptions of any particular occupation in the findings.

In the next part, the detailed information of the sample would be presented.

4.2.2 Data collection

The following table will briefly present the information of interviewees:

Interviewees	Company - Industrial	Position	Interview Place and time
Expert 1	FrieslandCampina (Vietnam)	Environmental Health and Safety Manager	Zoom 1st April

	MNE specializing in diary products	(5 years working in the company)	From 14:00 to 15:15
Expert 2	Olam Group (Vietnam) MNE specializing in global agri supply chains	Logistics Supervisor (2,5 years working in the company)	Skype 3rd April From 10:00 to 10:35
Expert 3	Quoc Hung STS (Vietnam) Strategy partners of Nike, Adidas…	Director (13 years of establishing)	Wechat 57 minutes
Expert 4	ABB Group (Vietnam) ABB is a leading global technology company	Operation Director (4 years working in the company)	Skype 6st April From 10:00 to 10:55
Expert 5	SAS Logistics Strategy partner supplying logistics services for FDIs	Operation manager (2 years working in the company)	Zoom 10th April From 14:00 to 12:45
Expert 6	IFB Vietnam MNE specializing in Logistics	Sales executive (13 years working in the company)	Skype 12nd April From 15:00 to 15:37
Expert 7	KMTC Vietnam Korea Marine transport	Import operation senior (4 years working in the company)	Zoom 13st April From 10:00 to 10:41
Expert 8	Vietnam Leather, Footwear and Handbag Association (LEFASO)	General Secretary (N/A)	Skype 16th April From 10:00 to 11:15
Expert 9	Department of Planning and Investment In Dong Nai province	Inspectors (5 years working in the company)	Skype 23nd April From 14:00 to 15:05
Expert 10	Vinh Tan 1 Power Co., Ltd Thermal Power Plant	Lab chemical specialist for Environmental control (4 years working in the company)	Zoom 24th April From 8:00 to 8:50

Table 5 Interviewees of the study

Since the researcher is in Finland and all the interviewees are Vietnamese, all the interviews are online. Respondents were contacted by Zalo, Wechat and Facebook and then interviewed almost through Wechat, Skype or Zoom voice/video call, depending on the interviewee's wishes. Each interviewee received questions in advance so that they can have enough time to prepare and fully grasp the topic's idea.

There are two sets of interviews; First, a pilot interview is conducted to test the plausible interview questions. Based on pilot interviews, questions about sustainable FDI's contribution to sustainable development have been broken down into three sub-questions, including economic, social and environmental contributions. Formal interviews were held afterwards, meaning the questionnaires had been revised.

The structure of the interview is divided into three parts. First, the researcher briefly introduces the research topic, and the interviewee also introduces the information to break the ice in the beginning stage. Following that, a series of main sentences about the research topic is set up to collect essential information for the study's results. Finally, a free discussion creates space for participants to express their thoughts and experiences. With the characteristic of a semi-structured interview, discussion topics are clearly defined while maintaining a conversational and informal tone that allows interviewees to freely and share experiences and opinions (Eriksson & Kovalainen, 2016, p. 94).

Furthermore, secondary data had also been gathered and reviewed during the process of data collection. To obtain the sufficient amount of information to effectively conduct the study, besides the preceding primary data received from the semi-structured interviews, the researcher had sought out formerly qualified or published information (e.g. other authors' papers, published articles) to extend the scope of the equivalent data. Indeed, documentary and multiple-source secondary data (Saunders et al. 2012) are mostly utilized. For instance, information and figures regarding the FDI inflow in Vietnam were obtained from the database of the national Ministry of Planning and Investment of Vietnam. In addition, the interviews of experts in the press are also selected and analyzed, as a secondary source of information. Specifically, the comments on FDI attraction in Vietnam by Dr. Nguyen Mai, Chairman of the Association of Foreign Investment Enterprises (VAFIE) on VNeconomic newspaper.

4.2.3 Analysing the data

Since the experts interviewed were all Vietnamese, 9 out of 10 interviews were conducted in Vietnamese to ensure correct understanding of the questions and answers. The interviewees all agreed to let the researcher record and save the interviews, ensuring all relevant data is accessible during the analysis.
After each interview, all the recordings were transcribed in words and then translated into English to analyse and discuss this master's thesis. The author uses content analysis methods to classify and group data based on different topics. These topics are then labelled and re-described in order to answer the research question.

4.3 Validity, reliability and ethicalness of the study

Reliability, validity and ethicalness are commonly used as liability measurement methods in different researches to measure the stability of the research. Firstly, the reliability of the research study is reflected through the deliberately and diversely chosen sample and data. In this study, FDI companies operating in Vietnam as well as the local authorities are targeted and of which senior managers would be interviewed. The goal was to not solely focus on a particular company or industry; hence, the researcher would choose a variety of companies from different sectors in Vietnam in order not to limit the scope of the research to a certain extent. The interviewees would have broad and extensive experiences from the point of view of top management positions in the FDI field. It is. The questions used in the interviews are reasonably relevant to the topic and apparently would be quite similar as the interview was repeated with all the interviewees. The open interview would give opportunity for the interviewees to express all his/her opinions. Since the topic is broad and general, there is no right or wrong answers to the questions. In addition, with the use of supplementary secondary data, the outcomes of the study has been effectively generalized and intepreted.

Along with reliability, validity is also a pivotal aspect to consider when assessing the quality of the research. The mentioned validity of the research is reflected through "the truthfulness of findings after a careful analysis" (Sandelowski, 1993). For this study, the researcher must designed a questionaire to be distributed to the interviewees in advance. In general, the researcher must guarantee that a proper analysis of the received data is carried out in congruent with the scope and objective of the study.

Ultimately, ethical concerns might also arise in the progress of the study. Saunders et al. (2012) define ethics in the research context as "the standards of behavior that guide the conduct in relation to the rights of those who become the subject of the research, or are affected by it." Ethicalness of the paper generally confronts inveterately established social norms that regulate the regional community such as privacy of attendees, avoidance of malpractice, or integrity of the researchers (Saunders et al. 2012, p. 230:231). Saunders et al. (2012) declare that ethicalness needs to be ensured in all stages of the research process ranging from designing the research to assessing the data and reporting the ultimate findings. For collecting data to conduct the research, for example, in prior to the interviews, the researcher needed to ask for consent from the interviewees. The principle of such agreement is informed consent, which implies that the attendees were given sufficient information and the opportunity to comfortably ask for further clarification and time to consider the option without pressure in order for them to acquire an informed state of consent whether or not to accept the interview invitation. Besides, the participants are fully provided with a comprehensive information about their rights and the use of the given data.

5 FINDING

In this chapter, empirical results from interviews will be presented. Firstly, an overview of FDI attraction and performance in Vietnam is displayed, then the effects of the FDI activities are reviewed. In addition, the viewpoints on sustainable FDI are discussed in term of its charateristics, expected benefits it brings to the domestic economy. Finally, the proposals for improving the investment climate for attracting and selecting high quality capital are discussed. All interviewed experts have an up-to-date understanding of the research topic. Furthermore, they also expressed attention for sustainability and considered it essential to the current violence of Vietnam's environment.

5.1 A general assessment of attracting FDI in Vietnam.

According to the general assessment of interviewed experts, Vietnam has achieved outstanding success in attracting foreign investment. An undeniable fact is that thanks to the policy to attract FDI inflows with specific incentives, this capital flow moves into Vietnam with increasingly large volumes and remarkable contributions to Vietnamese economic growth.

5.1.1 Contribution of FDI enterprises

Discoursing the benefits that FDI enterprises, it is necessary to mention outstanding contributions to the country's socio-economic development. FDI enterprises have created a large number of jobs for citizens, leading to increased income for workers. Not only directly creating jobs for employees, MNEs also create a range of jobs indirectly for local companies by using their products or services.

“*We have a team of 12 who specialize in air logistics services for a NIKE partner factory. This is a large customer that brings more than 30% of profits to the company*“ *(Expert 5)*

“As a company specializing in providing factory installation services and supplying machinery for the leather shoe industry, more than 80% of our customers are FDI companies with alarge and stable purchases” (Expert 3)

Multinational companies do not merely create jobs but also enhance worker capacity, technicians and develop management workforces. A division with management capacity, local scientific and technological qualifications enough to replace foreign experts is considered the "nucleus" to create a highly qualified and skilled workforce.

According to expert 1,

> *"I have worked for five multinational corporations for over ten years, and the knowledge that I have developed from these companies is enormous. These companies always actively train human resources, including production staff to senior management staff. Currently, my company has a leadership training program for the future; In this program, young graduates will be trained by working in different departments and sent to branches in the region to develop leadership capacity. This program is really interesting and helpful "*

Expert 4 also emphasizes

> *"During working at ABB, I have learned a lot from international business trips. There are also many young Vietnamese who are very talented and outstanding. It can be said that they have the same qualifications as foreign experts. I believe that the young generation will increasingly develop and create a competitive advantage for Vietnam compared to other countries"*

The role of FDI enterprises in contributing to economic growth and boosting Vietnam's exports is also discussed and acknowledged by experts. Besides, four experts emphasized that domestic production technology has also improved significantly compared to the previous period. Some industries have absorbed advanced technology with modern world levels such as post - telecommunications, oil and gas, construction, etc., leading to significant upgrades in production capacity and competition of Vietnamese products and services.

> *"In recent years, leading electronics companies have chosen Vietnam as their global production base. Pioneer are Japanese investors, with the presence of large corporations such as Sanyo, Matsushita, Sony, Fujitsu, Toshiba, Panasonic, and so on. These MNEs have built many factories, production plants with modern technology and continued to pour more capital to expand the scale of investment. Besides, the appearance of projects Intel, Samsung, Microsoft, and LG are also seen as clear signals confirming this." (expert 4)*

He also added that the ABB Group's decision to expand the production of electrical equipment products in Vietnam has led to the transfer of many high-tech types of machinery into Vietnam for production.

> "*We apply AI technology throughout the factory to ensure product quality as well as labour safety."*

Expert 3 also explained how the MNEs push to develop technology in the host country

> "The outsourcing of NIKE, ADIDAS in Vietnam also contributes to the technological development. These companies have very high requirements when choosing the outsourcing partners: the factory, technology and production machinery, labour, etc. Therefore, Those manufacturers have to constantly research, improve and renovate production technology according to the requirements of these brands”

When asked about transferring old and outdated technology, expert 3 said that most FDI firms use much higher machinery and technology than domestic firms. When FDI enterprises replace the production line, many domestic enterprises will repurchase them.

5.1.2 Problems that need to be handle

All interviewed experts stated that the international integration process had a substantial and positive impact on Vietnam's FDI inflows. However, the quality of attracting FDI inflows in general still lacks economic sustainability.

The lack of sustainability is most evident in the low added-value. Six of the interviewees declared that MNEs focus on exploiting the advantages of cheap labour, available resources, and an "easy" consumer market to assemble and process products for domestic consumption and export (for example, automobile, motorcycle, electricity - electronics, apparel, footwear). According to those experts, at present, Vietnam is still at the "bottom position" of the global value chain because it can only perform stages that bring low added value.

> "*Take a look at the automobile industry in Vietnam. We participate in the value chain, mainly outsourcing and assembling, not participating in more essential stages"* (Expert 2)

One reason given to explain this fact is that the supporting industry (SI) of Vietnam is still too young. The capacity and production technology of most of Vietnam's supporting industries are still limited. SI is the term referring to all industrial products that support the production of major finished products. Vietnamese enterprises have not been able to approach and satisfy customers' requirements for supporting industrial products with good technology content. The gap between the requirements of MNEs and the production capacity of domestic firms is still relatively large.

According to expert 2, working in the field of producing and supplying automatic machinery.

"The SI in Vietnam is so poor that heavily relying on imported. Most of the spare parts for my production are imported; if I bought them from a local supplier, they are also imported."

He explained that

"to produce a shoe-making machine, most of its components, from screws to large equipment such as iron frames and sprockets, are imported. That will directly increase production costs and time, leading to reducing the competitiveness of domestic products"

Similarly, expert 8 has also pointed out that Vietnam is only an outsourcing country for export in the leather and footwear industry because domestic suppliers do not meet product components.

"Specifically for a garment product, it is usually a design designed in a developed country such as France or the US. Fabrics are made in China, other accessories are made in India, and it's only the final product production that takes place in Vietnam to take advantage of low labour costs."

The three experts who are working in logistics and supply chain stated that the export value of FDI companies is very high. However, correspondingly it is the import of production inputs. It means that the level of participation in the production chain of domestic firms is deficient.

The "unclean" FDI projects in Vietnam affect the environment; improperly exploiting and appropriating resources while gaining large profits contributes to the economy in Vietnam. Particularly, expert 1 and expert 10 illustrate the Vedan company sabotaging the Vietnamese environment for 14 years. The discharge of untreated waste into the Thi Vai River is a way to reduce environmental costs to increase the profitability of businesses without regard to environmental norms. It leads to a severely damaged environment, and the people's lives in the area are seriously threatened.

“Vedan's way of destroying the environment is very sophisticated because the sewer system for discharging untreated wastewater into the river is designed to be disguised as a wastewater treatment system” (expert 10)

The most recent is the Formosa Ha Tinh case, causing the most significant environmental disaster in Vietnam for many years. It causes severe marine pollution, causing mass death of fish in four central provinces, directly affecting the economic life of the people here.

"Will the 500 million US in damages compensate these damages, and how long will it take to restore this marine environment?" (Expert 1)

"Two Vedan and Formosa Ha Tinh cases have dealt a severe blow to the awareness of environmental protection in our country. Here, it is necessary to put a big question mark on the "efficiency" of foreign investment projects and the strictness in the investment management mechanism of the competent authorities" (Expert 10)

Besides, the situation of transfer pricing, tax evasion and continuous loss report over the years by FDI enterprises is also mentioned by expert 3 and 4.

"Multinational companies report constant losses, but those businesses are continuously expanding production - business. So, whether the management of investment activities of the agencies is effective yet" (expert 3)

He also commented about the unfairness if the government cannot control the situation.

"I was shocked when first see the tax incentives that FDI enterprises secure. They receive diverse support and incentives from the government that domestic

businesses do not have. For example, while FDI enterprises are offered preferential tax release for the first 5-year, and gradually increase tax according to the 10-year to 20-year schedule, domestic enterprises like me have to pay 20% corporate income tax. Even so, they also report tax evasion losses. It is really not fair for domestic businesses"

Nguyen Mai, Chairman of the Association of Foreign Investment Enterprises (VAFIE), said that although Vietnam's FDI attraction is still stable in the current difficult situation, the quality of FDI is not satisfactory.

« The 20-year, 25-year and 30-year summaries (30 years in 2017) all point out the significant disadvantages of FDI, but the development is very little; the shortcomings of the previous decades keep repeating. »

This expert also explained that the quality of FDI is not satisfactory, reflected in 3 limitations.

« *Firstly, except for a few large projects, the rest are small projects (average only 1-1.5 million USD). Future technology projects such as artificial intelligence (AI) or clean energy cannot be invested with such a small amount. It must be said that the project is too small. The second limitation is the absence of futuristic and modern industrial projects. The third limitation is that we have not given incentives to adapt to the development level of the provinces and cities. »*

However, the benefits of FDI are undeniable. Many projects contribute very positively to the home country, not only bringing about economic efficiency but also being friendly with the environment. Identifying and promoting the attraction of similar projects will bring enormous practical significance to all stakeholders.

5.2 Why and How MNEs choose to invest in Vietnam

When being asked about Vietnam's advantages in attracting foreign investment, experts have a positive outlook, especially in the context of the global and regional economic shifts in investment. Moreover, the outstanding achievements of Vietnam in dealing with the epidemic are expected to create great confidence for investors.

"Vietnam is more attractive than many other countries" (expert 9)

The following table summarizes the two example companies about the motive, the reasons and how they entered the VNam market, following the OLI model. The first case is FrieslandCampina, MNE from the Netherlands. Company with particular advantages in capital, technology and technique, operation and management skills. To penetrate and expand the market, the Company started investing in Vietnam in the period before 2000. Naturally, because of the large spirit gap, lack of market understanding, and especially due to control regulations for the dairy industry, the Company joins venture with Binh Duong Dairy Enterprise to capture benefits of land, factories, and the market. After more than 20 years of operation, FrieslandCampina Vietnam has become one of the leading brands in the dairy industry in Vietnam. FrieslandCampina not only provides the market with high-quality milk and dairy products, but the company also creates more than 2,000 direct jobs and 15 thousand indirect jobs for workers in Vietnam. FrieslandCampina Vietnam became one of the top 20 best places to work in Asia nominated by HR Asia.

Similarly, ABB Company also invested in Vietnam in 1993. Like FrieslandCampina, in the early stage of market research, ABB entered Vietnam in a joint venture with state-owned enterprises. The remarkable point is that in the new period of opening, the State of VNam encouraged joint ventures, so almost all MNEs investing in Vietnam in this period were IJVs. In 2002, ABB changed its operating model from a joint venture to a company with 100% foreign capital, with full authority to decide on business and production strategies.

OLI framework	FrieslandCampina Vietnam	ABB Vietnam
Motive for investment	Market seeking	Market seeking (First stage) Efficiency seeking
Types of FDI	Joint Venture (Diary industry – restricted wholly-owned subsidiaries)	Joint Venture (First stage) Wholly-owned subsidiaries
(O) Ownership ad-vantages	Capital Brand reliability Management & organisational skills Technology and know-how	Capital Technology and know-how Innovations, R & D Brand reliability Network connectivity Management& organisational skills
(L) Location ad-vantages	Market size Political stability Low-cost and young labour Tax and other incentives	Market size Economic growth and integrates deeply Political stability Low-cost and young labour Tax and other incentives
(I) Internalisation advantages	A desire to reduce transaction and production costs, aiming protect markets.	A desire to reduce transaction costs, aiming for regional market access

Table 6 Why and How MNEs invest in Vietnam

The local advantages of Vietnam are derived from economic and political stability and FDI incentive policies. Foreign investment firms are influenced much by the host country, so political instability is always the first concern of foreign investors. All experts affirmed that Vietnam's economic and political stability is the top factor attracting investors. Besides, experts believe that Vietnam is a young country with a large labour force. Moreover, the quality of Vietnamese labour is improving rapidly.

> *"Vietnam human resources are being well-educated and not inferior to other countries in the region"* (Expert 1)

> *"Vietnam has a high-quality workforce. When our factory was first established in Bac Ninh, customers also queried about the quality of products from this plant.*

However, the time has proven that the quality of the products we offer are comparable to those provided by ABB in other countries." (Expert 4)

Expert 8 and Expert 9 have also affirmed that with such an abundant workforce, the attraction of labour-intensive occupations such as technological equipment, electronics, or the garment and footwear industry will not be affected to meet too many obstacles.

Moreover, Vietnam itself is a very potential market with stable economic growth and large consumption. There are many investors implementing projects in Vietnam to find and develop the market. Besides the substantial domestic retail market, the successful attraction of FDI has contributed to increasing the attractiveness in this market.

" The development of large-scale industry in Vietnam will surely bring us many opportunities to supply products to domestic customers in the industrial and electricity sectors." (expert 4)

Expert 1 also confirmed that:

"Vietnam is still the primary market of our company. Because of the young population structure, the demand for dairy products is essential."

Besides, Experts said that Vietnam is located in the DNA area and has a long coastline with deep seaports, which create favourable conditions for international trade. Therefore, it is a plus point when investors want to take advantage of incentives, abundant human resources, and cheap production costs to produce and export through countries in the region. Specifically, expert 4 commented:

"Vietnam was selected as one of the ideal locations in the region to build a plant supplying some key products to ABB electrical equipment department to supply these products to customers in the region such as China, Thailand and Malaysia."

Four of the experts said that the investment incentive policies are also a driving force to attract investment. The Government has implemented preferential policies to attract foreign investment, such as corporate income tax exemption and reduction and import tax exemption, to create conditions for foreign investors to join. However, there are also opinions that formal investment incentives such as fast or slow licensing, tax incentives etc., only play a modest role in the investors' consideration. The main factor is still the investor's motivation.

Integration into FTAs also creates certain advantages to attract foreign investors. Expert 1, Expert 8 and Expert 9 showed the confidence in attracting investment capital from European and American investors when the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and FTA with the European Union (EVFTA) officially took effect.

Last but not least, the experts also discussed Vietnam's post-COVID opportunities. Professor Nguyen Mai, VAFIE president affirmed that Covid-19 is creating two new advantages for Vietnam. Effective control of the epidemic has demonstrated the Government's management capacity and the Vietnamese people's executive spirit. At the same time, it shows the resilience of the economy. This increases investor confidence.

> *"In the wave of factory relocated from China to third countries, Vietnam has become a bright spot to attract investment capital. Especially after the pandemic, Vietnam has built more confidence in investors." (Expert 9)*

5.3 Sustainable FDI and its contributions to the

FDI projects need to be classified and selected carefully to meet the country's sustainable development needs. Experts were discussing how to identify sustainable investment projects and the benefits it brings to host countries.

5.3.1 What is a sustainable FDI

An FDI project is considered sustainable development when it brings socio-economic benefits but is also eco-friendly. Sustainable FDI must harmonize production growth with investment in developing value-added products and services and efficient use of materials/energy, developing supporting industries, and training human resources forces. Specifically, SFDI has high technology, is environmentally friendly, uses much labour and creates significant add-value.

> *"Projects not only have an investment plan but also have an environmental protection plan". (Expert 10)*

> *"Projects using high technology, efficient use of natural resources, at the same time supporting and linking the domestic sector for mutual development" (expert 9)*

> *"Are renewable energy investment projects or low-carbon economies" (expert 3)*

When asked about sustainable foreign investment enterprises in Vietnam, experts named and explained the features of that project. Specifically:

> *« Our FrieslandCampina company itself is an example of sustainable investment. Sustainable development is always popular within the company as well as its employees. Besides transparent business operations, the company also executes CSR actively. We have scholarship programs for students in remote areas. In the latest flood season, we also support the people in the central region by supplying milk and dairy products. Moreover, we apply the clean production, wastewater and gas are well-treated according to the Ministry of Natural Resources and Environment requirements before release ».*

In addition, expert 4 also evaluated ABB as a sustainable investor because:

"not only contributes to economic growth and exports, but we also improve the quality of customers' operations in the power industry and industry while reducing its impact on the environment."

Expert 5 said that:

« In addition to contributing to economic, social and environmental promotion, a sustainable FDI enterprise needs to focus on social responsibility. Implementing CSR demonstrates the commitment of businesses to sustainable economic development, improving the quality of life for their employees, local communities and society in general. »

In particular, CSR - Corporate social responsibility can be used as one of the prerequisite criteria to select potential investors. Experts declare that MNEs with high capacity tend to perform CSR to share value with their stakeholders. These businesses are always conscious of improving technology to reduce/save energy, apply environmental management measures, improve working conditions, safety for workers and protect customers. Those are businesses with long-term and sustainable business strategies.

5.3.2 How Sustainable FDI benefits the host country development

In the current situation of ineffective use of FDI in Vietnam, the direction to attract FDI sustainably is necessary to maintain competitiveness while consistent with the goal of sustainable development.

According to experts, the selection and attraction of sustainable FDI inflows are expected to make full use of the potential of these projects for socio-economic development while not adversely affecting the living environment. As a result, they create sustainable economic growth, improving the quality of life of people in the long term.

"Sustainable FDI will overcome the negative impacts by the standard FDI." (expert 9)

<u>Sustainable economic development:</u>

A sustainable investment project must ensure economic benefits in both the short and long term. Expert 3 believe that large projects with a large amount of capital are a prerequisite for a high commitment from investors. That kind of investment will create great values in the overall development of society.

Besides, MNEs are expected to support and strengthen local business linkage through purchasing components, materials and services, thereby creating high added value. Importantly, it is ideal if the MNE is committed to outputs and supports the quality improvement of the local supporting industry.

« *We cannot expect MNEs to buy domestic products if the quality and price of our products are not competitive -- The fact that Samsung has been actively supporting and consulting Vietnamese enterprises to be their tier 1 supplier is a respectable endeavour. » (Expert 3)*

Meanwhile, the attraction of high-tech projects, accompanied by modern machinery and equipment, advanced production technology is expected to bring high value in transfer technology to local companies. Also, high-tech projects create high-value and valuable products.

<u>Environmentally sustainable development:</u>

Each production and business sector will use different sources of raw materials and energy at different levels. However, natural resources are limited, so projects to exploit non-renewable resources such as oil and gas and coal should be limited, said expert 5.

The low carbon technology projects are great potential projects, helping to limit greenhouse gas emissions and reduce the level of environmental pollution. In addition, renewable energy projects such as solar energy, wind energy will contribute to diversifying energy sources for production while minimizing harmful impacts on the environment and natural resources.

> *"The use of renewable energy and open production technologies for clean projects helps to limit and improve the environmental pollution that is taking place in our countries." (Expert 10)*

In addition, FDI enterprises have a sustainable development orientation to reduce carbon emissions proactively, and at the same time seriously take measures to treat wastewater, emissions before discharge to ensure that pollution to the environment.

> *"Not to mention the research of renewable, low carbon products, the rational use of resources by companies in the production process, complying with the laws on wastewater treatment and emissions of the host country shows the sustainability of that investor." (Expert 9)*

<u>*Sustainable social development:*</u>

Sustainable FDI is not about creating many jobs using abundant cheap labour. However, it is expected to develop and train high-quality human resources through the working process, offer mixed benefits to their employees.

For general premises in Vietnam, employees are only entitled to primary benefits such as basic health insurance, unemployment insurance. MNEs from developed countries such as the US and Europe contribute to enrolling their working culture with a high stander staff administration. (Expert 4)

My company not only buys basic health insurance for employees, but we also get premium insurance, get an annual health checkup, and sometimes offer incentives for family members. (Expert 2)

The employees in ideal MNEs have great incentives. The hiring, division of labour, compensation and promotion in these companies are transparent. It is also the company's advantage in attracting talents. In addition, many MNEs actively and proactively implement CSR to demonstrate corporate responsibility to the host country community.

"In fact, many MNEs have carried out social activities actively and effectively and contributed to the development of the community. A typical example is Unilever's hygiene education program for children in remote provinces. » (Expert 7)

5.4 Solutions to attract and promote sustainable FDI for Sustainable development

The main challenge facing developing countries is to find solutions to promote FDI that ensure sustainable development without repeating the mistakes of rapid but unsustainable growth processes. Experts also discussed some solutions to select and promote sustainable FDI.

The level of compliance with environmental laws varies significantly between investors from developed countries and developing countries. In particular, MNEs from developed countries tend to be more proactive in understanding and implementing Vietnam's environmental regulations. These businesses have the ability to use clean technologies and better environmental protection measures. They also provide more opportunities to connect with host country businesses by transferring capital, knowledge, experience and technology.

> *”We should increase the attraction of investment capital from FDI enterprises from developed countries such as Australia, the US, New Zealand, the Netherlands, etc. They have high environmental standards, where there are strict regulations on environmental protection.”(expert 1)*

He also emphasized that,

> *“While working for multinational companies, I have noticed an apparent disparity in the mindset of European, American investors versus China, Taiwan and Hong Kong”*

In addition, the locality needs to choose projects that are consistent with the development policy and internal resources. Experts say that it is necessary to know how to refuse too small investment projects, projects that can consume energy, use outdated technology, and cause environmental pollution.

> *”In Dong Nai province, we have been strictly implementing the policy of attracting selective investment, prioritizing high-tech projects, skilled workers, supporting industrial production projects. , environmentally friendly project” (expert 9)*

However, Mr. Nguyen Mai argued that not all localities are capable of attracting clean, high-quality investors. According to him, it is necessary to classify the development level of localities to have appropriate capital attraction policies. For example, any province with a high level of development does not do garment work, textiles. As for the lowland provinces, it is impossible to attract high industrial investment because there are not enough infrastructure and resources to meet the needs of investors.

Mr Nguyen Mai also suggests that to grab the investment wave after the COVID-19 epidemic, Vietnam needs to prepare for infrastructure.

> *"Vietnam currently has about 16 economic zones and more than 300 industrial parks, in which about 45% of the land is still unused. So, in my opinion, the Prime Minister needs to ask all these zones to prepare clean plants and settled estate prices when investors move in. If we have clean land and good infrastructure, we can definitely attract high-quality, sustainable FDI projects."*

How many registered FDI projects are deployed and how many successful FDI projects are a significant concern for the host country. However, attracting promising investors is not enough. Post-investment monitoring or post-check is an activity aimed at significantly increasing the success rates of FDI projects and creating a "win-win" situation for both the investor and the host country.

> *"Currently, Vietnam's policy of attracting and controlling input is quite progressive. However, we often make less rigid in the post-investment supervision phase." (Expert 7)*

Thus, closely monitoring investors' progress need to be promoted, which allow the host economy to promptly detect exploits that do not comply with the law on construction and the environment.

The residential community is always the one to monitor and discover the earliest illegal acts caused by FDI enterprises. To protect their lives, they often have immediate protests that prevent the production process from forcing FDI enterprises to comply with the provisions of the environmental protection law. This is an essential factor that positively affects the formation of clean FDI inflows.

> *"To know whether the manufactory is discharging waste directly into the environment or not, ask the local people who live in the area"* (expert 10)

In addition, the population is often the consumer of enterprises' products, so they can create pressure, forcing businesses to pay more attention to environmental results in the production process. Therefore, in the attraction, inspection and supervision of foreign direct investment activities, besides the state management, it is necessary to have positive contributions from the residential community and organizations. Therefore, the country needs to raise people's awareness of sustainable development and environmental protection.

6 SUMMARY, CONCLUSION AND FURTHER RESEARCH

This chapter combines the theoretical background of this study with the findings and explains their relation while answering the research questions. The research question of this study is "How Sustainable FDI contribute to sustainable development in Vietnam?" After that, the conclusion presents the theoretical contributions of this study, as well as managerial implications. Lastly, limitations of the study are discussed and topics for future research presented.

6.1 Summary

In this section, the theoretical part with the findings is compared and discussed, thereby answering the research question.

OLI framework, Dunning (1993) clarified the fundamental premise that FDI is realized if three decisive factors are met simultaneously: specific ownership advantage of MNEs (O), the Location advantage of the host country (L) and advantage from internalization (I). This has been discussed when experts explain why their companies implement FDI in Vietnam (Case ABB and FrieslandCampina). The experts have pointed out the advantages of MNE, the location advantages of Vietnam, and the benefit of internalization by FDI but not the other type of entry.

The research results are consistent with Dunning's OLI theory, contributing to explaining the determinants of direct investment in Vietnam. With certain advantages in terms of capital, management experience and operational skills, brands, networks, technology and know-how. Combined with the apparent advantages from internalization, the expansion of overseas production investment of MNEs is necessary. However, for Vietnam to be selected as a destination, it must have certain advantages to attract these investors. Empirical results show that Vietnam's strengths are market size, labour force, economic and political stability, and preferential policies to attract FDI of the state. The fact that the case studies are continuously developing and expanding over a long time

(ABB and FrieslandCampina both operate for more than 20 years) has confirmed OLI theory. Combining the above three advantages is essential to make an investment successful, bringing economic benefits to both investors and the host country.

Findings found a wide range of effects of FDI on the host country, both direct internal effects of the company and indirectly on local economic sectors. Specific effects such as technology transfer, increasing competition, developing the labour market, and spillover effects on labour quality, technology and institutional (Dunning & Lundan, 2008, see figure 4, p. 34)

The empirical results show that sustainable FDI is an FDI with good governance aiming to bring benefits to economic development, improve the living environment, contribute to social development and enhancing people's quality of life. For the case studies in the thesis, sustainable FDI projects include high-tech FDI, Fintech, renewable energy projects and investments with high value-added products. One of the signs of sustainable FDI is the active implementation of CSR. High-quality investors always carry out business activities in parallel, fulfil social responsibilities, and not harm the natural resources and living environment in the host country.

The key area of the study, "Sustainable FDI" and its impact on sustainable development in Vietnam, has answered a research question. In general, the concept of sustainable FDI by John Kline (2012), Sauvant and Mann (2020) and the findings differ, but not significantly, because sustainable development focuses on the harmonious contribution to the economy, society and environment development.

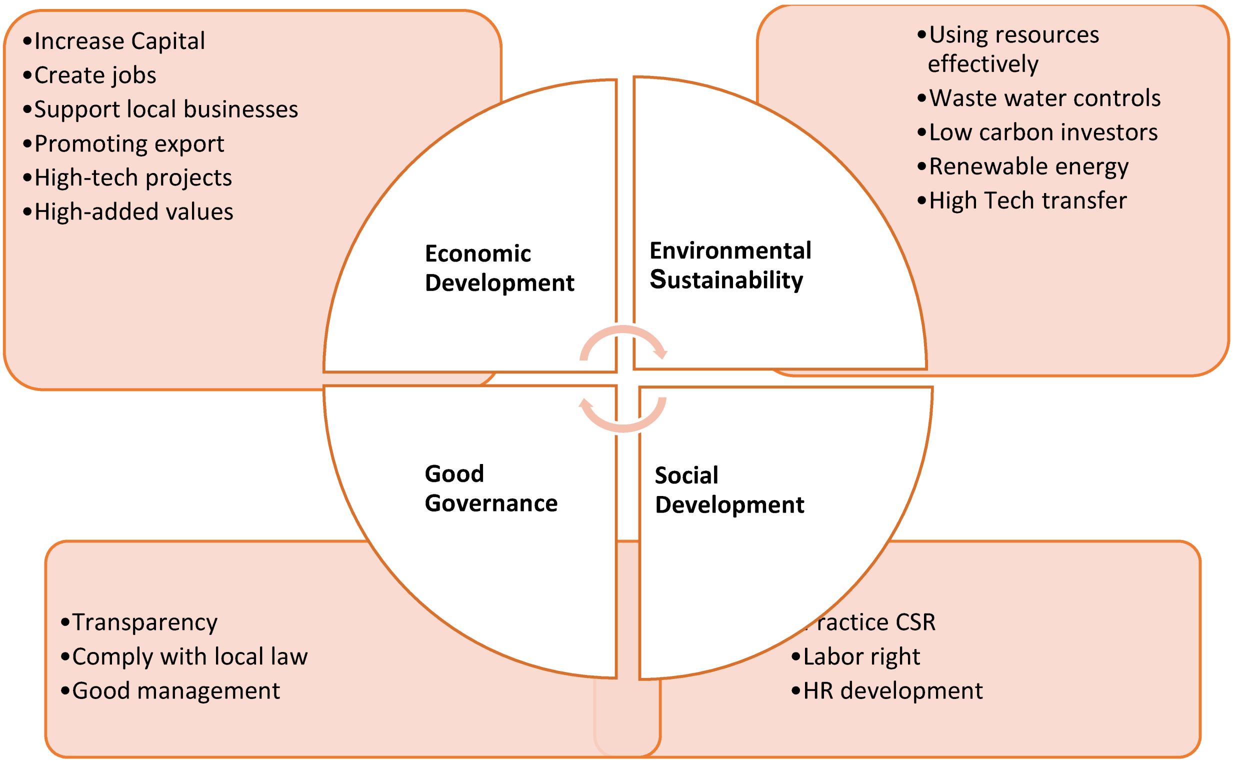


Figure 16 Sustainable FDI contributes to sustainable development in the host country

(Adapted from figure 7, p. 52 and the findings)

Dimensions to measure the contribution of sustainable FDI include primarily economic development expressed through the capital, employment, linkage to local businesses or technology transfer, etc. Concerning the environment, sustainable FDI contributes to improvement through rational resource management, water treatment measures, and the minimization of waste discharged into the environment. In addition, the sources of investment projects for low carbon and renewable energy are considered to have positive contributions to economic development while minimizing the number of greenhouse gases, contributing to environmental protection in the host country. Moreover, sustainable FDI contributes to social development through proactive implementation, development contribution, and improvement of the quality of human resources, thereby improving the quality of social life of the host country.

Findings only mentioned three of the four dimensions that the theory has covered. However, companies comply with the laws and regulations of the host country in the business process, and at the same time implementing CSR policies has also shown good Governance.

6.2 Conclusions

The thesis has answered the research question and satisfied the research objectives initially, bringing specific contributions to both theory and application. Besides, there are still shortcomings in the research process, leading to certain limitations. Moreover, suggestion for future research topics is also presented in this section.

6.2.1 Theoretical contributions

The theoretical basis of FDI from the host country's point of view has been discussed, providing an overview of foreign investment. Besides, the article still updates new investment directions of FDI, which is sustainable FDI.

The specific characteristics of sustainable FDI demonstrate its positive impact on a country's sustainable development. Furthermore, guidance on evaluating sustainable projects or investors has also been presented as an effective tool for the host country to evaluate and select suitable projects for their development goals.

The results describe the characteristics of sustainable FDI and motivations for MNEs to participate in Sustainable Development: including resource depletion, corporate social responsibility, host country preferences, stakeholder pressures, especially pressures from public opinion and customers. Also, the positive contributions of sustainable FDI to the harmonious development of economic, political and social factors while ensuring environmental improvement are summarized.

6.2.2 Managerial implications

The management implications of this study are related to the implementation of solutions to promote the attraction of more sustainable FDI projects while at the same time facilitating MNEs to participate in sustainable development.

A general assessment of the current situation of attracting and using FDI shows that despite remarkable achievements, Vietnam faces many problems in the efficient use of foreign capital. In order to achieve the goal of sustainable development, the orientation to attract FDI inflows, which focuses on quantity, needs to be quickly replaced by a new orientation with a focus on calling for high-quality, sustainable investment capital.

Attracting a sustainable FDI source is expected to create higher added values, positively impact its technology level and ensure that it does not harm the domestic ecosystem. To do that, the policy to attract FDI must be highly selective. It is impossible to attract FDI at all costs evenwhen the environment is exchanged for growth.

On that basis, several proposals to enhance the process of attracting FDI for Vietnam's sustainable development: Including, proactively improving the quality of labour and strengthening the supporting industry. In addition, it is essential to improve the Investment process and incentive policies; monitoring and handling of post-licensing issues should also be done, significantly enhancing the social participation in this process.

6.3 Limitations and future research

The research paper has certain limitations because it is a master's thesis with a relatively short research period. Regarding the theoretical overview, the theoretical framework is divided into three main parts: FDI, sustainable development, and the third concept, which is sustainable FDI. The topic of FDI and sustainable development is of particular interest and has been formulated by many different theories. However, with limited time, the author only discusses some theories to provide a comprehensive view of the research topic, paving the way for developing the study's finding, which inevitably lacks errors in the presentation process.

During the process of analyzing data on Vietnam and FDI attraction indexes, the author has collected data formulated based on many differentsources such as from the General Statistics Office and Foreign Investment Department of Vietnam, as well as from IMF and UNCTA, leading to complete heterogeneity of data. Even so, the difference was not too significant. Besides, the research topic is FDI investment, so the target interviewee is managers of MNEs, state agencies, and local partners. It is not easy to contact and get in touch to request an interview with a target audience, so only ten experts participated in the interview. Experts come from different positions and industries, so to fully exploit the experts' opinions, the author plays a very proactive role to ask the following questions. However, the research results are still general and can only explain the most prominent part of the research topic. Besides, the urgent time and limited capacity lead to many shortcomings in doing homework, organizing interviews and data analysis, affecting the quality of the essay, more or less.

However, Sustainable FDI and sustainable development are exciting and practical research topics, which are the development trends in the current global economy. Hence, there are rooms for future research. In particular, on the scope of this thesis research in Vietnam, the author found that the sustainable FDI topic is potential that has a considerable contribution to the development of this country. To test precisely the effects of sustainable FDI, researchers can restrict a specific industry and study in more detail and qualitative terms. For example, research on the impact of FDI projects in the clean energy sector on sustainable development. Besides looking at the phenomenon in more detail, it will also be interesting to study it in the long term. Towards sustainable development, the development of high technology or low carbon industry is a strong trend nowaday. However, each country will have different development priorities as well as its capabilities. So whether mainly focusing on attracting high-tech FDI is feasible or not is also an exciting topic. One alternative for future research is to analyze the sustainability of FDIs and the measures to attract sustainable FDIs in Vietnam versus the neighbouring countries. Moreover, research on the motivations for MNEs to participate in sustainable FDI investment is also a promising study.

References

Abrahams, G. (2017). Constructing definitions of sustainable development. *Smart and Sustainable Built Environment*, 6(1), 34-47. doi:http://dx.doi.org.proxy.uwasa.fi/10.1108/SASBE-03-2017-0009

ADB. (2015). Low-Carbon green growth in asia: Policies and practices. Retrieved from http://hdl.handle.net/11540/172

Ahi, P., & Searcy, C. (2015). Assessing sustainability in the supply chain: A triple bottom line approach. *Applied Mathematical Modelling*, 39(10-11), 2882-2896. doi:10.1016/j.apm.2014.10.055

Anonymous. (2001). Foreign direct investment and sustainable development. *Financial Market Trends*, 79, 107-130

Article 1 (I, 1) of the Prime Minister's Decision No. 432/QD-TTg of April 12, 2012 approving Vietnam's Sustainable Development Strategy for the period 2011-2020.

Article 1 (I, 2,4) of the Prime Minister's Decision No. 432/QD-TTg of April 12, 2012 approving Vietnam's Sustainable Development Strategy for the period 2011-2020.

Ashraf, A. & Herzer, D. (2014). The effects of greenfield investment and M&As on domestic investment in developing countries. *Applied economics letters*, 21(14), 997-1000. https://doi.org/10.1080/13504851.2014.904482

Awolusi, O. D. & Adeyeye, O. P. (2016). Impact of foreign direct investment on economic growth in Africa. *Problems and perspectives in management*, 14(2), 289-297. https://doi.org/10.21511/ppm.14(2-2).2016.04

Ayamba, E.C., Haibo, C., Abdul-Rahaman, AR. et al. The impact of foreign direct investment on sustainable development in China. Environ Sci Pollut Res 27, 25625–25637 (2020). https://doi-org.proxy.uwasa.fi/10.1007/s11356-020-08837-7

Banerjee, S. B., Iyer, E. S., & Kashyap, R. K. (2003). Corporate environmentalism: Antecedents and influence of industry type. *Journal of Marketing, 67*(2), 106-122. doi:10.1509/jmkg.67.2.106.18604

Barbier, E. (1987). The Concept of Sustainable Economic Development. *Environmental Conservation*, 14(2), 101-110. http://www.jstor.org/stable/44519759

Benavides-Espinosa, M. & Riberio-Soriano, D. (2012). Cooperative learning in creating and managing joint ventures. *Journal of Business Research*, p. 1-8.

Beugelsdijk, S., Smeets, R., & Zwinkels, R. (2008). The impact of horizontal and vertical FDI on HOST'S country economic growth. *International Business Review*, 17(4), 452-472. doi:10.1016/j.ibusrev.2008.02.004

Bhattacharyya, A. & Cummings, L. (2015). Measuring Corporate Environmental Performance - Stakeholder Engagement Evaluation. *Business Strategy and the Environment, 24*(5), 309. https://doi.org/10.1002/bse.1819

Blomström, M., & Kokko, A. (2003). The Economics Of Foreign Direct Investment Incentives. *Nber Working Paper Series*, 9489. doi:10.3386/w9489

Branimir, K. (2015). The importance of foreign direct investment in function of sustainable development. *Anali Ekonomskog fakulteta u Subotici*, (33), 217-235.

Bruno, R. L., Campos, N. F., Estrin, S., & Tian, M. (2017). Foreign direct investment and the relationship between the United Kingdom and the European Union. *The Economics of UK-EU Relations*, 139-173. doi:10.1007/978-3-319-55495-2_6

Buckley, P. J., & Casson, M. (1976). The future of the multinational enterprise. doi:10.1007/978-1-349-02899-3

Bui, T., Pham, H. & Tran, H. (2011). A study of fdi in Vietnam. https://doi.org/10.4324/9780203830956

Casey, W. L., & Jr. (2017). The effect of corporate strategy and organizational design on the spillover effects of FDI. *International Journal of Business and Economic Development (IJBED)*, 5(1). Retrieved from https://search-proquest-com.proxy.uwasa.fi/scholarly-journals/effect-corporate-strategy-organizational-design/docview/1934153894/se-2?accountid=14797

Cavusgil, S. T., Knight, G. A. & Riesenberger, J. R. (2017). *International business: The new realities* (4th ed.). Pearson. Hymer

Chi, M. (2020). Promoting and Facilitating foreign direct investment for sustainable development: Analysing the sustainable Development orientation of Asian-pacific LDCs and LLDCS IIAS. *ESCAP Studies in Trade and Investment*, 26-77. doi:10.18356/4d6d0834-en

Chiao, Y., Lo, F. and Yu, C. (2010), "Choosing between wholly-owned subsidiaries and joint ventures of MNEs from an emerging market". *International Marketing Review*, Vol. 27 No. 3, p. 338-365. https://doi-org.proxy.uwasa.fi/10.1108/02651331011047998

Choi, S. & Ng, A. (2011). Environmental and Economic Dimensions of Sustainability and Price Effects on Consumer Responses. *Journal of Business Ethics, 104*(2), 269-282. https://doi.org/10.1007/s10551-011-0908-8

Chu, T. M. , (2020). Policies on Tax Incentives and Tax Avoidance through the form of Transfer Pricing of FDI Enterprises in Vietnam. *VNU Journal Of Science: Economics And Business, 36*(1). doi:10.25073/2588-1108/vnueab.4275

Chudnovsky, D., & López, A. (2008). Foreign investment and sustainable development in Argentina. *Rethinking Foreign Investment for Sustainable Development,* 77-96. doi:10.7135/upo9781843313243.007

Chung, M. (2020, October 14). Thu hút vốn FDI: Việt Nam cần phải thay đổi cách tiếp cận. [Attracting Fdi Capital: Vietnam needs to change approach]. Retrieved April

02, 2021, from https://vneconomy.vn/thu-hut-von-fdi-viet-nam-can-phai-thay-doi-cach-tiep-can-20201013022443855.htm

CIEM. (2014). MACROECONOMIC REPORT THIRD QUARTER - 2014. Retrieved from http://ciem.org.vn/Portals/1/CIEM/Macro-Report_Q3_Final_1_.pdf

CIEM. (2017). Báo cáo kinh tế vĩ mô qúy iv và năm 2017. [Macroeconomic report Fourth Quarter - 2017]. Retrieved from http://www.ciem.org.vn/Content/files/sach/ktvmq4_2017_vn_cuoicung-2_1101201.pdf

CPI. (2020). Vietnam corruption INDEX 2010-2020. Retrieved from https://tradingeconomics.com/vietnam/corruption-index

CPV: Document of the 12th National Party Congress, Office of the Party Central Committee, Hanoi, 2016, p.270.

Decision No. 1393/QD-TTg dated September 25, 2012 of the Prime Minister on approving "National Strategy on Green Growth for the period of 2011-2020 and vision to 2050".

Derwall, J., Guenster, N., Bauer, R. & Koedijk, K. (2005). The Eco-Efficiency Premium Puzzle. *Financial Analysts Journal, 61*(2), 51-63. https://doi.org/10.2469/faj.v61.n2.2716

Dinh, H. L., & Shih-Mo, L. (2014). CO2 emissions, energy consumption, economic growth and FDI in vietnam. Managing Global Transitions, 12(3), 219-232. Retrieved from https://search-proquest-com.proxy.uwasa.fi/scholarly-journals/co2-emissions-energy-consumption-economic-growth/docview/1640671553/se-2?accountid=14797

Donciu, E. C. –. (2013). GLOBALIZATION AND FOREIGN DIRECT INVESTMENTS. *CES working papers*, 5(2), 177-186.

Du, J. (2011). *What are the determinants of FDI to Vietnam?* (Master's thesis, Thesis / Dissertation ETD, 2011). Universiteit van Tilburg. Organisatie & Strategie.

Dunning, J. H. & Lundan, S. M. (2008). *Multinational enterprises and the global economy* (2nd ed.). Edward Elgar.

Dunning, J. H. (1977). Trade, location of economic activity and The Mne: A search for an eclectic approach. *The International Allocation of Economic Activity*, 395-418. doi:10.1007/978-1-349-03196-2_38

Dunning, J. H. (1981). Explaining the international direct investment position of countries: Towards a dynamic or developmental approach. *Weltwirtschaftliches Archiv*, 117(1), 30-64. doi:10.1007/bf02696577

Dunning, J. H. (1988). The eclectic paradigm of International Production: A RESTATEMENT and some possible extensions. *Journal of International Business Studies,* 19(1), 1-31. doi:10.1057/palgrave.jibs.8490372

Elkington, J. (1997) Cannibals with Forks: *The Triple Bottom Line of 21st Century Business*. Capstone, Oxford.

Eriksson, P. & Kovalainen, A. (2008). *Qualitative Methods in Business Research*. SAGE Publications Ltd.

Feldstein, M. (2000). Aspects of Global Economic Intergration: Outlook for the Future. *NBER Working Paper Series*, 7899. https://doi.org/10.3386/w7899

Ferreira, M. P., Santos, J. C., de Almeida, M. I. R. & Reis, N. R. (2014). Mergers & acquisitions research: A bibliometric study of top strategy and international business journals, 1980–2010. *Journal of business research*, 67(12), 2550-2558. https://doi.org/10.1016/j.jbusres.2014.03.015

FIA. (2021). The shift of FDI flows of Japan. Retrieved from https://fia.mpi.gov.vn/Detail/CatID/3bdcb27f-403e-4f36-901e-1e9c71aa14cb/NewsID/1c57ba0f-3c04-403d-a31a-374911135621

Glen Hashmi, Z. & Muff, K. (2014). Rethinking Corporate Sustainability Within the Well-Being Context: The COGWHEEL Sustainability Framework. Building Sustainable Legacies: The New Frontier Of Societal Value Co-Creation, 2014(2), 67-96. https://doi.org/10.9774/GLEAF.8901.2014.ja.00005

Golub, S., Kauffmann, C., & Yeres, P. (2011). Defining and measuring sustainable FDI. *OECD Working Papers on International Investment*. doi:10.1787/5kg58j1cvcvk-en

González-Torres, T., Rodríguez-Sánchez, J., Pelechano-Barahona, E. & García-Muiña, F. E. (2020). A Systematic Review of Research on Sustainability in Mergers and Acquisitions. *Sustainability (Basel, Switzerland)*, 12(2), 513. https://doi.org/10.3390/su12020513

Govindan, K., Kannan, D., & Shankar, K. M. (2014). Evaluating the Drivers of Corporate Social Responsibility in the Mining Industry with Multi-Criteria Approach: A Multi-Stakeholder

Govindan, K., Khodaverdi, R., & Jafarian, A. (2013). A fuzzy multi criteria approach for measuring sustainability performance of a supplier based on triple bottom line approach. *Journal of Cleaner Production*, 47, 345-354. doi:10.1016/j.jclepro.2012.04.014

Gray, B., & Stites, J. (2013). Sustainability through partnerships: A systematic review. https://www.nbs.net/articles/sustainability-through-partnerships-a-systematic-review

Griffin, R. W. & Pustay, M. W. (2015). *International business: A managerial perspective* (8th ed, Global ed.). Pearson.

GSO. (2020). Direct investment oversea projects licensed in period 1989 - 2019. https://www.gso.gov.vn/en/statistical-data/

Gupta, B., & Kaur, J. (2016). Foreign direct investment inflows, technological innovation, sustainable development and skilled human behavior : A multivariate granger causality study - evidence from france. *St. Louis: Federal Reserve Bank of St Louis*. doi:http://dx.doi.org.proxy.uwasa.fi/10.4337/9781785364068.000

Ha,V. H, Attracting FDI associated with sustainable development: Perspectives and directions, *Journal of African & Middle East Studies*, No. 24/2013, p. 34-44

Hens, L., Nath, B. (2003). The Johannesburg Conference*. Environment, Development and Sustainability* 5, 7–39. https://doi.org/10.1023/A:1025303511864

Herzer, D. (2012). How does foreign direct investment really affect developing countries' growth? *Review of International Economics*, 20(2), 396-414. doi:http://dx.doi.org.proxy.uwasa.fi/10.1111/j.1467-9396.2012.01029.x

Hill, C.W. (2000). *International Business - Competing in the Global Marketplace*. University of Washington: Irwin McGraw-Hill.

Hirsjärvi, S., Remes, P., Sajavaara, P. & Sinivuori, E. (2018). *Tutki ja kirjoita*. [Investigate and write]. 22. painos. Helsinki: Tammi.

Hoang, T. T., Wiboonchutikula, P., & Tubtimtong, B. (2010). Does foreign direct investment promote economic growth in vietnam? *ASEAN Economic Bulletin*, 27(3), 295-311. https://search-proquest-com.proxy.uwasa.fi/scholarly-journals/does-foreign-direct-investment-promote-economic/docview/845551343/se-2?accountid=14797

Holling, C. S. (2001). Understanding the Complexity of Economic, Ecological, and Social Systems. *Ecosystems*, 4(5), 390-405. https://doi.org/10.1007/s10021-001-0101-5

Hörisch, J. (2013). Combating climate change through organisational innovation: An empirical analysis of internal emission trading schemes. *Corporate Governance, 13*(5), 569-582. https://doi.org/10.1108/CG-06-2013-0077

Hunt, S. D., Kiecker, P. L., & Chonko, L. B. (1990). Social responsibility and personal success: A research note. *Journal of the Academy of Marketing Science*, 18(3), 239-244. doi:10.1007/bf02726475

Huttmanová, E. (2017). Evaluation of the environmental dimension of sustainable development in the EU countries. Analele Universităţii Constantin Brâncuşi din Târgu Jiu : Seria Economie, 1(4), 5-10.

Hymer, S. (1960). The international operations of national firms: A study of direct foreign investments.

IMF.(1993). Balance of Payments Manual, 5th ed. (Washington).http://www.imf.org/external/np/sta/bop/BOPman.pdf

Index of Economic Freedom. (2021). Retrieved from https://www.heritage.org/index/country/vietnam

Jaffe, A., Peterson, S., Portney, P. & Stavins, R. (1995). Environmental regulation and the competitiveness of U.S. manufacturing: What does the evidence tell us? *Journal of Economic Literature, 33*(1), 132.

Jeurissen, R. (2000). John Kline Elkington, Cannibals With Forks: The Triple Bottom Line of 21st Century Business. *Journal of Business Ethics*, 23(2), 229-231. https://doi.org/10.1023/A:1006129603978

Johanson. J. & Vahlne. J.-E. (1977). The internationalization process of the firm – a model of knowledge development and increasing foreign market commitments. *Journal of International Business Studies*. 8(1), 23–32.

John Kline, M. (2012). Guidance Paper on Evaluating Sustainable FDI. The Millennium Cities Initiative (MCI), mci working paper series.

John Klineston, P., Everard, M., Santillo, D. & Robèrt, K. (2007). Reclaiming the definition of sustainability. *Environmental science and pollution research international*, 14(1), 60. https://doi.org/10.1065/espr2007.01.375

Katsioloudes, M. I., & Hadjidakis, S. (2007). *International business: A global perspective*. Boston, MA: Butterworth-Heinemann.

Kim, H. H., Lee, H., & Lee, J. (2015). Technology diffusion and host-country productivity in South-South FDI flows. *Japan and the World Economy*, 33, 1-10. https://doi.org/10.1016/j.japwor.2014.11.001

Kindleberger, C.P. (1969). *The Theory of Direct Investment*. In: Kindleberger, C., Ed., American Business Abroad, Yale University Press, New Haven.

Kotler, P. & Lee, N. (2005). *Corporate social responsibility: Doing the most good for your company and your cause*. Wiley.

Kurtishi-Kastrati, S. (2013). The Effects of Foreign Direct Investments for Host Country's Economy. *European Journal of Interdisciplinary Studies*, 5(1), 26-38.

Le, D. A. (2019, July 30). Nâng cao năng lực cạnh tranh toàn cầu 4.0 của Việt Nam hiện nay. . [Enhancing Vietnam's 4.0 global competitiveness Index]. Retrieved from http://tapchicongthuong.vn/bai-viet/nang-cao-nang-luc-canh-tranh-toan-cau-40-cua-viet-nam-hien-nay-64200.htm

Leonidou, C. N. & Leonidou, L. C. (2011). Research into environmental marketing/management: A bibliographic analysis. *European Journal of Marketing, 45*(1/2), 68-103. https://doi.org/10.1108/03090561111095603

Lin, C.-Y., & Ho, Y.-H. (2008). An examination of cultural differences in ethical decision making using the Multidimensional Ethics Scale. Social Behavior and Personality: *An international journal*, 36(9), 1213-1222

Liu, A. & Sharma, D. (2011). How to Attain Desired Outcomes Through Channel Conflict Negotiation. *Journal of Marketing Channels, 18*(2), 103. https://doi.org/10.1080/1046669X.2011.558828

Loungani, P. & Razin, A. (2001). How Beneficial Is Foreign a Direct Investment fr Developing Countries?. *Finance & Development*, 38(2), 6-9.

Macelaru, P. (2013). Transfer Pricing and FDI. Acta Universitatis Danubius. *Œconomica*, 9(4), 355-366.

Markusen, J. R., & Venables, A. J. (1999). Foreign direct investment as a catalyst for industrial development. *European Economic Review, 43*(2), 335-356. doi:10.1016/s0014-2921(98)00048-8

Marinescu, N. (2017). Implications of greenfields and acquisitions on host countries. *Bulletin of the Transilvania University of Brasov.Economic Sciences.Series V, 10*(1), 209-214. Retrieved from https://www-proquest-com.proxy.uwasa.fi/scholarly-journals/implications-greenfields-acquisitions-on-host/docview/2099344226/se-2?accountid=14797

Mirabi, V. R., Asgari, A., Tehrani, A. G., & Moghaddam, B. H. (2014). The impact of corporate social responsibility (CSR) on the brand preference in banking industry; (The case study: Banks of Mellat And Refah In Iran). *Kuwait Chapter of the Arabian Journal of Business and Management Review, 3*(7), 476-487

Mirza, H., & Giroud, A. (2004). Regional Integration and Benefits from Foreign Direct Investment in ASEAN Economies: The Case of Viet Nam. *Asian Development Bank*. doi:http://hdl.handle.net/11540/5421

Mohr, L. A., Webb, D. J. & Harris, K. E. (2001). Do Consumers Expect Companies To Be Socially Responsible? The Impact of Corporate Social Responsibility on Buying Behavior. *The Journal of consumer affairs, 35*(1), 45. https://doi.org/10.1111/j.1745-6606.2001.tb00102.x

Moura, R. & Forte, R. (2010). The Effects of Foreign Direct Investment on the Host Country Economic Growth - Theory and Empirical Evidence. *IDEAS Working Paper Series from RePEc.*

MPI. (2020). Các FTA thế hệ mới và tác động đến thu hút FDI vào Việt Nam. [New generation FTAs and their impact on attracting FDI into Vietnam]. https://fia.mpi.gov.vn/Detail/CatID/3bdcb27f-403e-4f36-901e-1e9c71aa14cb/NewsID/cbdf3354-b705-458d-b8e6-e82ca56e1a1a/MenuID

MPI. (n.d.). Phương hướng, mục tiêu và giải pháp thu hút ĐTNN giai đoạn 2021-2030 và kế hoạch 5 năm 2021-2025. [Orientation, goals and solutions to attract foreign investment in the period of 2021-2030 and 5-year plan 2021-2025]. https://fia.mpi.gov.vn/Detail/CatID/3bdcb27f-403e-4f36-901e-1e9c71aa14cb/NewsID/eac5e183-13a3-4367-930f-8b0f138a8392

MPI. (n.d.). Tình hình thu hút đầu tư nước ngoài năm 2020. [The situation of attracting foreign capital investment in 2020]. https://fia.mpi.gov.vn/Detail/CatID/457641e2-2605-4632-bbd8-39ee65454a06/NewsID/a590e4ad-2ba7-48d7-af1e-7b613542fea3/MenuID/07edbbe1-67a3-484b-a4e2-b5faef1b9de5

National Assembly. (2002). Law on foreign investment in Vietnam. http://www.vietnamlaws.com/freelaws/lfina12nov96(aa9jun00)[i1].pdf

Neto, P., Brandão, A., & Cerqueira, A. (2010). The impact of FDI, cross-border mergers and acquisitions, and greenfield investments on economic growth. *IUP Journal of Business Strategy*, 7(4), 24-44. https://search-proquest-com.proxy.uwasa.fi/scholarly-journals/impact-fdi-cross-border-mergers-acquisitions/docview/822454012/se-2?accountid=14797

Ngo, L. T., & Vu, H. T. (2015). Sustainable Development in Vietnam in a new context of globalization, international integration and climate change. *National Political - Truth Publishing House*.

Ngo, N. M. (2020). Technology spillover effects and policies: Evidence from vietnam. *Journal of Advanced Research in Law and Economics*, 11(2), 491-502. doi:http://dx.doi.org.proxy.uwasa.fi/10.14505/jarle.v11.2(48).22

Nguyen, H. (2020). Việt Nam: Dấu son trên bản đồ kinh tế thế giới. Website Vietnam economic news. *Ministry of industry and trade*. http://kinhtevn.com.vn/viet-nam-dau-son-tren-ban-do-kinh-te-the-gioi-44508.html

Nguyen, H. T., & Bui, P. T. (2014). Nghiên cứu các nhân tố tác động đến đầu tư trực tiếp nước ngoài tại những quốc gia đang phát triển. [Study the factors influencing foreign direct investment in developing countries.]. https://www.uef.edu.vn/newsimg/tap-chi-uef/2014-01-02-14/8.pdf?fbclid=IwAR1jnpMR80X_te_oiTGUIYdmeE0vaviY2iK8UXL-JEb6UmNkcEvfuzF8Hqc

Nguyen, H. T., Tran, P. H.& Bui, A. C. (2009). Thu hút FDI sạch cho sự phát triển bền vững nền kinh tế Việt Nam. [Attracting clean FDI for the sustainable development of Vietnam's economy]

Nguyen, H.T., Luu, H.N. & Do, N.H. (2020). The dynamic relationship between greenfield investments, cross-border M&As, domestic investment and economic growth in Vietnam. Econ Change Restruct. https://doi.org/10.1007/s10644-020-09292-7

Nguyen, L. T. (2019, April 18). Thu hút FDI. [ATTRACTING FDI]. Retrieved April 03, 2021, from https://tapchitaichinh.vn/su-kien-noi-bat/thu-hut-fdi-xanh-gan-voi-muc-tieu-phat-trien-ben-vung-305144.html

Nguyen, N. T. (2017). Chính sách thu hút dòng vốn đầu tư trực tiếp nước ngoài hướng đến phát triển bền vững tại việt nam. [Policies to attract the direct foreign investment capital for sustainable development in vietnam].

Nguyen, P., Tran, K., Le, N. & Trieu, H. (2020). EXAMINING FDI SPILLOVER EFFECTS ON PRODUCTIVITY GROWTH: FIRM-LEVEL EVIDENCE FROM VIETNAM. *Journal of Economic Development*, 45(1), 97-121.

Nguyen, T. (2019). Thu hút FDI "xanh" gắn với mục tiêu phát triển bền vững. https://tapchitaichinh.vn/su-kien-noi-bat/thu-hut-fdi-xanh-gan-voi-muc-tieu-phat-trien-ben-vung-305144.html

Nielsen, B. B. (2002). *Why do international joint ventures fail? A strategic mismatch explanation*. St. Louis: Federal Reserve Bank of St Louis. Retrieved from https://www-proquest-com.proxy.uwasa.fi/working-papers/why-do-international-joint-ventures-fail/docview/1698426685/se-2?accountid=14797

Nishitani, K., & Kokubu, K. (2012). Why does the reduction of greenhouse gas emissions enhance firm value? The case of japanese manufacturing firms. *Business Strategy and the Environment*, 21(8), 517-529. doi:10.1002/bse.734

Nunnenkamp, P. (2013). Ownership Choices of Indian Direct Investors: Do FDI Determinants Differ between Joint Ventures and Wholly-owned Subsidiaries? *IDEAS Working Paper Series from RePEc.*

OECD (2002), OECD Annual Report 2002, OECD Publishing, Paris, https://doi.org/10.1787/annrep-2002-en.

OECD. (2002). Foreign direct investment for development: Maximising benefits, minimising costs. https://www.oecd.org/investment/investmentfordevelopment/foreigndirectinvestmentfordevelopmentmaximisingbenefitsminimisingcosts.htm

OECD. (2008). Benchmark Definition of Foreign Direct Investment. https://www.oecd.org/daf/inv/investmentstatisticsandanalysis/40193734.pdf

Ortmann S. (2017) Introduction: The Environmental Challenges in Vietnam. In: Environmental Governance in Vietnam. *Palgrave Macmillan, Cham*. https://doi.org/10.1007/978-3-319-49760-0_1

Otchere, I. & Oldford, E. (2018). Cross-border acquisitions and host country competitiveness. *Journal of Business Finance & Accounting*, 45(9-10), 1260-1292. https://doi.org/10.1111/jbfa.12342

Peloza, J., & Shang, J. (2011). What Business Leaders Should Know: Investing in CSR to Enhance Customer Value*. Director Notes Series, The Conference Board Governance Center*, 3. doi:https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1843308

Pham, T. H. (2009), 'Assessment of FDI Spillover Effects for the Case of Vietnam: A Survey of Micro-data Analyses', in Corbett, J. and S. Umezaki (eds.), Deepening East Asian Economic Integration*. ERIA Research Project Report 2008-1*, p.473-495. Jakarta: ERIA.

Pullman, M. E., Maloni, M. J., & Carter, C. R. (2009). Food for thought: social versus environmental sustainability practices and performance outcomes. *Journal of Supply Chain Management*, 45(4), 38-54.

Purvis, B., Mao, Y. & Robinson, D. (2019). Three pillars of sustainability: in search of conceptual origins. *Sustain Sci* 14, 681–695. https://doi.org/10.1007/s11625-018-0627-5

Revilla Bui et al., 2011, J. (2016). Vietnam 30 years after DOI MOI: Achievements and challenges [Abstract]. *Zeitschrift Für Wirtschaftsgeographie*, 60(3), 121-133. doi:10.1515/zfw-2016-0035

Revilla Diez, J. (2016). Vietnam 30 years after DOI MOI: Achievements and challenges. *Zeitschrift Für Wirtschaftsgeographie, 60*(3). doi:10.1515/zfw-2016-0035

Rodriguez, M. A., Ricart, J. E., & Sanchez, P. (2002). Sustainable development and the sustainability of competitive advantage: A dynamic and SUSTAINABLE view of the firm. *Creativity and Innovation Management*, 11(3), 135-146. doi:10.1111/1467-8691.00246

Sahoo, K., & Sethi, N. (2015). Linkages between foreign capital, domestic capital and economic growth in india. *Journal of International Economics,* 6(2), 71-82.

Sandelowski, M. (1993). Rigor or rigor mortis: The problem of rigor in qualitative research revisited. *Advances in Nursing Science*, 16(2), 1-8. doi:10.1097/00012272-199312000-00002

Saunders, M., Lewis, P. & Thornhill, A. (2012). *Research methods for business students* (6th ed.). Pearson.

Sauvant, K. P., & Gabor, E. (2019). Advancing sustainable development by Facilitating SUSTAINABLE FDI, promoting CSR, designating Recognized Sustainable investors, and Giving home countries a role. *SSRN Electronic Journal*. doi:10.2139/ssrn.3496967

Sauvant, K. P., & Mann, H. (2019). Making fdi more sustainable: Towards an indicative list of fdi sustainability characteristics. *The Journal of World Investment & Trade*, 20(6), 916-952. doi:10.1163/22119000-12340162

Sauvant, K. P., & Stephenson, M. (2020). Concrete measures for a framework on investment facilitation for development: Report. *SSRN Electronic Journal*. doi:10.2139/ssrn.3529530

Scandelius, C., & Cohen, G. (2016). Achieving collaboration with diverse Stakeholders—the role of strategic ambiguity in CSR communication. *Journal of Business Research*, 69(9), 3487-3499. doi:10.1016/j.jbusres.2016.01.037

Seth, A., Song, K. P. & Pettit, R. (2000). Synergy, Managerialism or Hubris? An Empirical Examination of Motives for Foreign Acquisitions of U.S. Firms. *Journal of International Business Studies*, 31(3), 387. https://doi.org/10.1057/palgrave.jibs.8490913

Sharmiladevi, J. C. (2017). UNDERSTANDING DUNNING'S OLI PARADIGM. *Indian Journal of Commerce and Management Studies, 8*(3), 47-52. doi:http://dx.doi.org.proxy.uwasa.fi/10.18843/ijcms/v8i3/07

The Prime Minister's Decision No. 153/2004/QD-TTg dated August 17, 2004, promulgating strategic orientations for sustainable development in Vietnam (Agenda 21 of Vietnam).

Tran, N. N., Ngoc, N. H., Nguyen, T. S., Pham, T. T., & Ha, T. H. (2016). Policies to promote green growth: International experiences and practice in Vietnam. National Political Publishing House.

UN. (2017). GREEN FOREIGN DIRECT INVESTMENT IN DEVELOPING COUNTRIES. doi:http://www.unepinquiry.org/wp-content/uploads/2017/10/Green_Foreign_Direct_Investment_in_Developing_Countries.pdf

UNCATD. (2018). World Investment Report. *Investment and new industrial policies.* doi:10.18356/a1e0466b-en

UNCATD. (2020). World Investment Report. *International Production Beyond the Pandemic*. doi: https://doi.org/10.18356/920f7642-en

UNCTAD. (2020). World Economic Forum: The Global RisksReport 2020. doi:http://www3.weforum.org/docs/WEF_Global_Risk_Report_2020.pdf

UNCTAD. (2020c). World Investment Report 2020: International Production Beyond the Pandemic. *United Nations publication*. Sales No. E.20.II.D.23.

UN. (2002). Report of the World Summit on Sustainable Development. doi:file:///C:/Users/THINGU~1/AppData/Local/Temp/A_CONF-199_20-EN.pdf

UN. (2003). Monterrey Consensusof the International Conference on Financing for Development. doi:https://www.un.org/en/development/desa/population/migration/generalassembly/docs/globalcompact/A_CONF.198_11.pdf

Vaaland, T. I., & Heide, M. (2008). Managing corporate social responsibility: Lessons from the oil industry. Corporate Communications. *An International Journal*, 13(2), 212-225. doi:10.1108/13563280810869622

VACNE. (2018). Green economy for sustainable development in the context of climate changes. National Political - Truth Publishing House.

Vernon, R. (1966) The Product Life Cycle. *Quarterly Journal of Economics*, 80, 190-207. https://doi.org/10.2307/1880689

Vietnam: Vietnam to be a magnet for foreign investment in 2021: Policymakers. (2020, Oct 16). *Asia News Monitor.* Retrieved from https://www-proquest-com.proxy.uwasa.fi/newspapers/vietnam-be-magnet-foreign-investment-2021/docview/2451136686/se-2?accountid=14797

Wackernagel, M. and Rees, W. (1996). *Our Ecological Footprint: Reducing Human Impact on the Earth.* New Society Publishers, Philadelphia.

Walters B.A., Peters, S. & Dess, G.G. (1994). Strategic Alliances and Joint Ventures: Making them work. *Business Horizons*, Juli - August 1994, p. 5-10.

Xaypanya, P., Rangkakulnuwat, P., & Paweenawat, S. W. (2015). The determinants of foreign direct investment in ASEAN. *International Journal of Social Economics, 42*(3), 239-250. doi:10.1108/ijse-10-2013-0238

WB. (2021). The World Bank In Vietnam. https://www.worldbank.org/en/country/vietnam/overview

WCED. (1987). Our shared future Report.

WEF. (2020). The global Risks Report 2020. https://www.weforum.org/reports/the-global-risks-report-2020

WEF. (2019). Insight report the global Competitiveness Report 2019. Retrieved from http://www3.weforum.org/docs/WEF_TheGlobalCompetitivenessReport2019.pdf

Wiboonchutikula, P., Phucharoen, C., & Pruektanakul, N. (2016). SPILLOVER EFFECTS OF FOREIGN DIRECT INVESTMENT ON DOMESTIC MANUFACTURING FIRMS IN THAILAND. *The Singapore Economic Review*, 61(2), 1. Retrieved from https://search-proquest-com.proxy.uwasa.fi/scholarly-journals/spillover-effects-foreign-direct-investment-on/docview/1858873569/se-2?accountid=14797

Wilson, J. P. (2015). The triple bottom line. *International Journal of Retail & Distribution Management, 43*(4), 432-447. doi:http://dx.doi.org.proxy.uwasa.fi/10.1108/IJRDM-11-2013-0210

Wing-Fai Leung. (1997). The duration of international joint ventures and foreign wholly-owned subsidiaries. *Applied Economics*, 29(10), 1255-1269. Retrieved from https://search-proquest-com.proxy.uwasa.fi/scholarly-journals/duration-international-joint-ventures-foreign/docview/212721402/se-2?accountid=14797

XIV. Target program for climate change response and green growth (Appendix attached to the Government’s Resolution No. 73/NQ-CP of August 26, 2016).

Zaman, G. (2012). WAYS OF IMPROVING FOREIGN DIRECT INVESTMENT (FDI) CONTRIBUTION TO ROMANIA'S SUSTAINABLE DEVELOPMENT. *Annales Universitatis Apulensis : Series Oeconomica*, *14*(2), 644-651

Zeqiri, N., & Bajrami, H. (2016). Foreign Direct Investment (FDI) Types and Theories: The Significance of Human Capital.

Zhang, C. & Zhou, X. (2016). Does foreign direct investment lead to lower CO2 emissions? Evidence from a regional analysis in China. *Renewable & sustainable energy reviews*, 58, 943-951. https://doi.org/10.1016/j.rser.2015.12.226

Appendices

Appendix 1. Interview questionnaire

Dear Madam/Sir,

This is Vy and I am currently working on the master thesis at the University of Vaasa. The thesis's topic is "Sustainable Foreign Direct Investment for sustainable development in Vietnam" with the aims are to explore the benefits of sustainable FDI and ways to attract more and more SFDI in Vietnamese context. As you are working in/with FDI companies in Vietnam, your knowledge and experience related to the topic would significantly contribute to the empirical findings of this paper. It is my pleasure to have your contribution.

Introductory questions:

1. Could you introduce yourself, please?
2. Briefly introduce your company? Is this an FDI company or you are a partner of FDI company?
3. How long have you worked in this area, tell us about your work experience in this field?
4. Would you like to stay anonoumous?

Main questions:

5. Could you introduce the industrial that you worked on, the main activities as well as the related stakeholders?
6. What do you believe to be the most important factors affecting the inflows FDI in Vietnam? Why the MNE choose VNam as the destination for their investment?
7. How important do you think FDI contributes to the development in Vietnam?
8. Are there any problems that occurred by the activities of FDI companies? Could you please explain them?

9. Do you think of any problems that Vietnam cannot handle well when receiving a huge amount of FDI every year? If yes, then could you please share your opinions?

10. Are you working forward to sustainable development? Do you think Vietnam is calling for it? Explains?

11. Have you ever hear about Sustainable FDI? Can you describe it in your own word?

12. What are the charateristics of a Sustainable FDI from your point of view? How an FDI can be seen as a Sustainable FDI?

13. Do you think that SFDI can solve current problems by FDI activities in Vietnam and work forward to sustainabilities?

14. How do you think the new trend of FDI can contribute to sustainability in our country?

    14.1 How it contributes to economic development?

    14.1 How it contributes to social development?

    14.1 How it contributes to environmental development?

15. How to "Filter" and attract more SFDI projects into Vietnam? Do you have any recommendations to have effective attraction regulations for FDI?

16. Do you have something else to share about the green FDI and sustainable development that we did not cover?

Thank you for your attendance!!

Appendix 2. Project Assessment Matrix (Source: John Kline, 2012, p. 21)

Project Value Indicator	**Project Indicator Assessment Rating[9] (+5 to -5) X**	**Development Priority Weighting[10] (Top 5@3; 2nd 5@2; rest@1)**	**= Assessment Score**
Economic			
Capital			
Employment			
Taxes			
Local business linkage			
Technology transfers			
Infrastructure			
Exports			
Other			
Environmental			
Resource management			
Pollution controls			
Low carbon footprint			
Water usage			
Waste reduction			
Other			
Social			
Balanced development			
Labor rights			
Skills enhancement			
Public health			
Non-discrimination			
Other			
Governance			
External transparency			
Local management			
Supply chain standards			
Marketing practices			
Stakeholder dialogue			
Other			

Net Project Benefit Score =

[9] Indicators irrelevant to the project are scored as “0”.

[10] Only 10 indicators are selected as development priorities; the top five are-weighted as 3, the next five as 2 and all others receive a 1.