Determinants of the New Manufacturing Venture’s Performance in Vietnam

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**Abstract:** This paper focuses on analyzing the factors determining the growth of the new manufacturing ventures in Vietnam. We reviewed the comprehensive framework of the new venture performance and applied it partly for Vietnam’s case. A total of 312 new manufacturing ventures were sampled from the secondary dataset of the World Bank. The results indicate that the international market expansion strategy through exporting, geographic location, financial resources, ownership structure of Limited and FDI Company are significant predictors. That significance differs by the technological levels among industry sectors. Finally, several implications for practitioners, government sector and researchers as well as future research direction are provided.

**Keywords:** Determinant, new venture, empirical evidence, manufacturing sector, Vietnam

**INTRODUCTION**

Since Vietnam’s economic reform program—officially called the “*doi moi*” (‘renovation’ in Vietnamese)—was launched in 1986, the Vietnamese economy has increasingly developed and experienced one of the prominent growths in the world. Over the past two decades the living standard in Vietnam has substantially improved and socio-economic achievement has also been impressively met; especially in terms of the presence of the newly established firms. The new ventures, mostly small and medium-sized enterprises (SMEs), have been a driving force for the development of Vietnam’s economy. The new ventures in the manufacturing sector have proved their potential for development and have made a great contribution to the country’s GDP and employment. According to GSO (2005), since the Enterprise Law took an effect in 2000, there were more than 14,457 newly established enterprises in 2000 which is 2.5

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*This Law provides for the establishment, organization and operation of the following forms of enterprise: limited liability companies, shareholding companies, partnership companies and private enterprises.