

**The Impact of Foreign Direct Investment
on the Labor Productivity in the Host Countries: The Case of Vietnam**

By

PHAM Xuan Kien

International Development Studies, FASID/GRIPS, Tokyo, Japan

Abstract

Theories on FDI explain that the impact of FDI on the productivity in host countries is positive. However, the empirical research has not yet reached a consensus. This paper examines spillovers effect of FDI to labor productivity in Vietnam using firm-level data in 2005. The analysis shows that the spillovers are positive and depend on three determinants: skills, capital intensity, and scale gaps between FDI and domestic firms. The results also illustrate that these spillovers vary across locations as well as different types of FDI.