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## Applied data science for researching innovation, impacting capital attraction and economic development in Vietnam

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### Abstract

The COVID-19 pandemic has significantly disrupted investment activities and economic operations worldwide, including in Ho Chi Minh City (HCMC), Vietnam. Due to restricted mobility and heightened uncertainty, domestic and international investors have reduced their investment commitments. Therefore, the research aims to identify key elements influencing HCMC's capital attraction and economic development in Vietnam and provide evidence-based policy recommendations to enhance the city's investment appeal and drive sustainable economic development. The authors employed a straightforward and random survey methodology to gather data from a sample of 700 HCMC investors by applying structural equation modeling (SEM). The study explored key factors affecting capital attraction in HCMC and its influence on economic development with a significance level of 1.0 percent. The findings and model can serve as a reference for other emerging cities worldwide aiming to attract foreign investment and accelerate economic development, particularly during crisis recovery. Finally, the study proposes suitable policy recommendations for economic development based on revising and modernizing laws related to foreign investment to align with international standards while ensuring compatibility with Vietnamese legal frameworks. It encourages the adoption of innovative policies and investment promotion mechanisms to attract global brands.

**Keywords:** Capital Attraction, Economic Development, Innovation, Policy.

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**Transparency:** The authors confirm that the manuscript is an honest, accurate, and transparent account of the study; that no vital features of the study have been omitted; and that any discrepancies from the study as planned have been explained. This study followed all ethical practices during writing.

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## **1. Introduction**

Impacting COVID-19, recruiting investment, and running enterprises in HCMC have been challenging owing to limited travel due to the pandemic, and domestic and international investors have lowered their environmental education and investment registration. HCMC altered its investment promotion strategies to react to the COVID-19 pandemic in 2020, which increased promotional investment. HCMC also promotes and supports FDI by writing several investment policies. HCMC also improves administrative procedures, increases transparency in the investment and business environment, and facilitates foreign investor project research and deployment. HCMC helps firms overcome capital, banking, and financial service issues and improve government-FDI relations to provide more extraordinary regional growth potential viewpoints.

At the same time, policy mechanisms should be completed to encourage FDI attraction in the city. In particular, comprehensive reform of the current incentive policy framework should be shifted to incentives based on results, work efficiency, and post-investment support for completed projects. The authors reviewed and recommended to the Central Government the mechanisms and regulations that still have problems and need to be resolved to implement legal regulations following international practices [1, 2]. Increase implementation and penalize programs that miss investment schedules. HCMC adjusts regulations on order, monitoring, and administration of investment and construction projects without using public resources to speed up investment. HCMC prioritizes massive projects to generate value and budget revenue, impacting its socioeconomic status. HCMC residents viewed online investment promotion as salvation during the COVID-19 outbreak. Online investment promotion conferences save money and reduce illness transmission. Thus, the authors examined HCMC elements impacting capital attraction for economic growth to establish relevant economic development strategies.

On the other hand, promote administrative procedure reform. Specifically, review administrative procedures and business investment conditions to maintain trust and enhance sustainable business investment. In particular, the City continues to promote administrative reform, perfecting the legal system, mechanisms, and policies per the requirements of international economic integration [3, 4]. Besides, develop a plan to attract FDI investment targeting multinational and transnational corporations. Innovate investment promotion work to attract FDI. In addition, improves the quality of human resources and enhances exchange and dialogue with foreign investors. Therefore, the study's primary goal is to identify and analyze the key factors that influence capital attraction and its impact on economic development in Ho Chi Minh City (HCMC), Vietnam, especially in the context of the post-COVID-19 period. By examining the policy framework, market search, resource search, efficient search, and innovation, the study aims to provide empirical evidence and propose appropriate policy recommendations to enhance the City's investment environment and promote sustainable economic development in the following years.

## **2. Literature Review and Hypothesis Development**

### **2.1. Capital Attraction (CA)**

Foreign investment is indirect and involves businesses and people from one nation bringing capital into another to produce and sell goods and services; for-profit attraction encourages current businesses and attracts additional money from outside sources [5]. State, municipal, and private institutions prioritize capital attraction. A country's economy benefits from foreign investment, and we examined the investment offering during our investment attraction service, identified investor profiles, and the Government exposed your proposal to possible investors, which enabled discussions [6, 7]. Attracting foreign investment capital means inviting foreign companies and people to invest money and other assets in local projects, production, and economic operations. This activity establishes robust resources for projects and economic endeavors, fostering the nation's economic advancement.

### **2.2. Economic Development (ED)**

It can be seen that the trend of FDI capital into Vietnam and economic recovery has many expectations and foundations to continue to maintain and grow. However, practice shows that current FDI attraction activities have limitations and shortcomings. The quantity and quality of the economy affect economic development [8, 9]. Economic development may entail industrialization, rising GDP, and per capita income. Developing nations relied on agriculture and had low per capita income [10, 11]. Foreign investment capital makes essential contributions to socioeconomic development. Therefore, the State has many policies to attract foreign investment capital into Vietnam. Some typical policies include (1) Building an attractive investment environment, (2) Ensuring fundamental rights for foreign investors, (3) Providing protection and priority strategies, (4) Land incentives, (5) Tax preferences, (6) There are subsidies from the Government; (7) Some other incentive policies. With the above policies to attract foreign investment, HCMC has attracted a significant source of investment capital in recent years. However, due to the negative impacts of the COVID-19 pandemic, foreign capital tends to decrease in HCMC.

### **2.3. Policy Framework (PF)**

Attracting FDI capital may face many difficulties because the COVID-19 epidemic is breaking out again in many large countries that are essential partners of HCMC. However, the Vietnamese Government has made many positive moves, such as establishing a special working group to catch the investment wave as the world repositions supply chains and production after the COVID-19 epidemic, and passed the Law Investment, Enterprise Law with many significant amendments to investment, as well as creating a favorable business environment for businesses. Therefore, to take advantage of opportunities and overcome difficulties and challenges caused by profound geopolitical and socioeconomic fluctuations and consequences brought about by the COVID-19 epidemic, the strategy of FDI attraction policies in Vietnam must have breakthrough changes in 2021 and the following years. In addition to micro considerations, macroeconomic factors can impact investors' decisions

by affecting the company's and investors' business success. These relate to macroeconomic swings. Include aspects of economic instability or international collaboration. It will focus on inflation, currency rate, financial market growth, and corporate income tax policy [12, 13]. According to the general tendency, creating a better investment climate will increase investment capital. Therefore, the authors proposed the hypothesis H1 in Figure 1.

#### *2.4. Market Search (MS)*

To effectively attract foreign investors to a firm, the business must demonstrate to investors the favorable qualities and competitiveness of its products and the significant growth in earnings and revenue over the years. These characteristics will instill confidence in investors in the advantages of their investments [14]. Innovative, influential, and formidable items on the market. Most investors seek to invest in firms that possess competitive advantages in the market and goods that exhibit distinctive and exclusive attributes. To attract investors, firms must showcase the benefits of their goods by doing a comparative analysis with rivals' and alternative products. The company's products are highly profitable [15, 16]. The profit ratio is a financial indicator demonstrating the viability of a business's products and services in the market. Stanford University academics' study indicates that enterprises start generating money in their second year of operation. Hence, astute investors who comprehend this crucial element would disregard corporations that announce profits within three to five years. Larger markets allow investors to scale up and increase production output, making host nations more appealing. Unlike slow or stagnant emerging economies, a fast-growing economy offers more prospects for more significant profits [17, 18]. Researchers found that rapid economic growth increases aggregate demand for items, which boosts corporate consumption. Therefore, a nation with a higher growth rate will attract more investment capital. The authors designated hypothesis H2 in Figure 1.

#### *2.5. Resource Search (RS)*

Resource search continued the campaign to promote strategic investment at the national level to directly access global supply chains, proactively create and advocate for appropriate production and business stages, and have higher added value into Vietnam without passively waiting for investors to come. Focus on mobilizing and effectively using all resources. Taking internal strength as essential, decisive, and long-term, external forces are necessary and groundbreaking, which clearly identifies foreign investment as a critical resource to promote growth, ensuring people's jobs, employment, and life. Promoting the building of an independent and self-reliant economy associated with proactive, active, deep, comprehensive, and practical international integration improves the economy's resilience and competitiveness. Resource exploitation and production input constantly motivate domestic and foreign investors [19, 20]. Expanding operations in the investment sector lets companies invest in domestic and foreign resources to boost efficiency. This is especially significant when input material is sparse [21]. Using the above findings, the authors proposed hypothesis H3 in Figure 1.

#### *2.6. Efficient Search (ES)*

Efficient search must enhance the caliber of human resources to attract new generations of foreign direct investment (FDI). In the Fourth Industrial Revolution framework, human resources must be improved to address the "digital transformation" era, and the demands of attracting high-quality foreign direct investment, low wages, and inexpensive labor cannot be relied on indefinitely. Consequently, managers must promptly implement strategies to, on the one hand, attract proficient individuals to the FDI industry and, on the other hand, swiftly retrain low-skilled workers to adapt to technological advancements in alignment with the trends of Industry 4.0. The business leadership team must also actively study to improve their management capacity. Investors want inexpensive labor and low intermediate costs to boost productivity, competitiveness, and company success to lower manufacturing costs and product pricing [22, 23]. Since HCMC has a productive labor force, inexpensive and well-trained labor prices, and safe infrastructure might influence domestic and global investors' decisions. The authors proposed hypothesis H4 in Figure 1.

#### *2.7. Innovation (IN)*

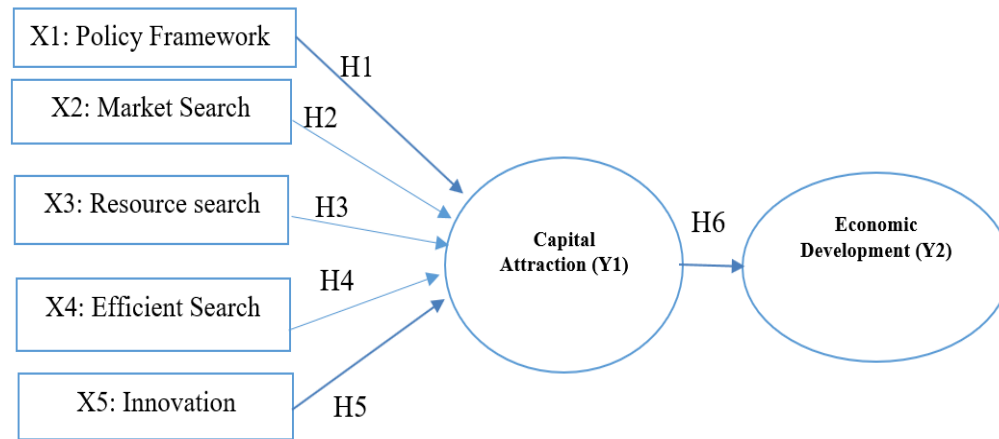
Taking advantage of and maximizing the benefits, mechanisms, and outstanding specific policies for economic development, Ho Chi Minh City is prioritizing the implementation of solutions to attract foreign investment (FDI) with initiative, innovation, and creativity. With the correct orientation and accompanying businesses, the City focuses on investing in infrastructure and services, prioritizing fields that create high-added value, intending to attract more and more leading brands to invest in production and business, and deep integration into the global supply chain [24]. In recent years, investment capital's impact on economic growth and the sea and island economy has changed many countries' perceptions of income attracting investment capital [25, 26]. Many nations have adjusted their investment attraction or incentive strategies and finalized the legal framework to combat corruption [27]. The study follows the same tendency to enhance operational efficiency; businesses constantly aim to lower expenditures, especially unofficial expenses. The authors proposed hypothesis H5 in Figure 1 using the aforementioned analysis and investigations.

#### *2.8. Capital Attraction Positively Impacts Economic Development*

Accordingly, Ho Chi Minh City increases the proportion of FDI with high added value, ensuring fast, sustainable economic growth, having a positive FDI spillover effect on the private economic sector, and contributing to promoting a growing economy in the City in the period 2023 - 2025, with a vision to 2030. At the same time, the City focuses on industries with high added value, using a lot of knowledge, less labor-intensive, advanced technology, new technology, and high technology of the first industrial revolution. The modern management, high added value, positive spillover effects, and

connecting global production and supply. Expanding markets, taking advantage of the FDI sector's capital, technology, management knowledge, and corporate culture. To bridge the investment capital deficit, capital attraction is crucial to economic development [28, 29]. Capital attraction helps modernize the economy technologically, and private investment is vital as Vietnam restructures its economy with increased private sector engagement [30, 31]. Private investment capital has been scarce recently, preventing quicker and more efficient economic development. The authors proposed hypothesis H6 in Figure 1.

Based on the above analysis, the suggested paper's study model incorporates policy framework, market search, resource search, efficient search, and institutional quality as independent variables.



**Figure 1.**

The research model for factors affecting capital attraction for economic development in HCMC

### 3. Methodology and Data

Research involves qualitative and quantitative processes. In-depth interviews with economics, finance, and banking specialists were used in qualitative research. Qualitative research examines the independent variables and their relationships in the study model. Research concept scales can be adjusted or added as needed.

HCMC economic development investors (700 firms) were surveyed [32]. Survey data was utilized for factor analysis, Cronbach alpha calculation, correlation analysis, models, and linear structural modeling to evaluate study hypotheses using Amos's SPSS 20 program. The study employed a Likert scale with five popularity levels: strongly disagree, disagree, regular, and agree. The scale was constructed using theory and research. In-depth interviews confirmed that participants understood the questionnaire content and ideas before developing the formal study scale. The questionnaire was filled, cleaned, coded, inputted, and analyzed using SPSS 20 and Amos software.

While reviewing documents from research, experience, and observations, the authors believed that capital attraction and economic development are influenced by many factors. However, with this study, the authors sought to understand the interaction of subjective factors affecting economic development. The factors considered in the study include: (1) Policy framework, (2) Market search, (3) Resource search, (4) Efficient search, and (5) Institutional quality. The study provides six hypotheses using 27 sample variables. EFA exploratory factor analysis requires a sample size of at least five times the number of observed variables in the scales [32]. This study's questionnaire has 27 factor-analyzed observed variables. Thus,  $27 * 5 = 135$  units is the minimal sample size. Multiple regression requires a minimum sample size of  $50 + 8 * m$  ( $m$  independent variables). Five independent factors were studied. The minimum sample size is 90 units ( $50 + 8 * 5$ ), and the minimum sample size is 135 units. The study surveyed 700 investors, but 655 units were valued.

Then, the data was cleaned and fed into the program for analysis: descriptive statistics of the research sample and factor analysis scale validation. The exploratory, confirmatory, and structural equation modeling (SEM) were tested. The writers concluded with management suggestions for boosting Ho Chi Minh City's capital attractiveness for economic growth. We can observe capital-attracting study findings. In 2024, Ho Chi Minh City collaborated with businesses to overcome obstacles, improve the investment and business environment, boost competitiveness, and meet their needs. Thus, the research is based on the theoretical foundations of capital attraction and economic development. The research method used is a combination of qualitative and quantitative approaches. The research sample is large enough to perform quantitative methods with the aforementioned structural equation model.

## 4. Research Results and Discussions

### 4.1. Research Results for Testing of Cronbach's Alpha for Five Factors Affecting Capital Attraction

**Table 1.**

Testing of Cronbach's alpha for five factors affecting capital attraction and economic development

Items	Cronbach's alpha	Mean	Std. Deviation
Policy framework (X1)	0.849	3.4412	0.84907
Market search (X2)	0.944	3.0794	0.90519
Resource search (X3)	0.951	3.5802	0.81043
Efficient search (X4)	0.941	3.1099	0.91378
Institutional quality X5)	0.860	2.5817	0.72037
Capital Attraction (Y1)	0.939	2.4977	0.61299
Economic development (Y2)	0.861	2.5847	0.73056

Table 1 indicated that Cronbach's alpha values for all the study components satisfy the requirements of this approach, with Cronbach's alpha exceeding 7.0. Table 1 also revealed that all standard deviations were observed. The standard deviation for the elements influencing capital attraction for economic growth in HCMC is around 1.0, with an average value of 3.0. The study findings indicate that the primary objective of HCMC is to prioritize long-term sustainable development by enhancing the quality of growth and integrating economic recovery initiatives with urban development programs, improvements in the urban living environment, and housing programs.

**Table 2.**

Testing five factors affecting capital attraction and economic development.

Relationships			Standardized Estimate	S.E	C.R	P	Result
X3	→	Y1	0.151	0.025	4.586	0.0001	Accepted H3
X4	→	Y1	0.210	0.025	5.616	0.0002	Accepted H4
X5	→	Y1	0.141	0.028	4.235	0.0003	Accepted H5
X1	→	Y1	0.307	0.027	8.078	0.0001	Accepted H1
X2	→	Y1	0.183	0.023	5.493	0.0004	Accepted H2
Y1	→	Y2	0.682	0.034	23.328	0.0001	Accepted H6

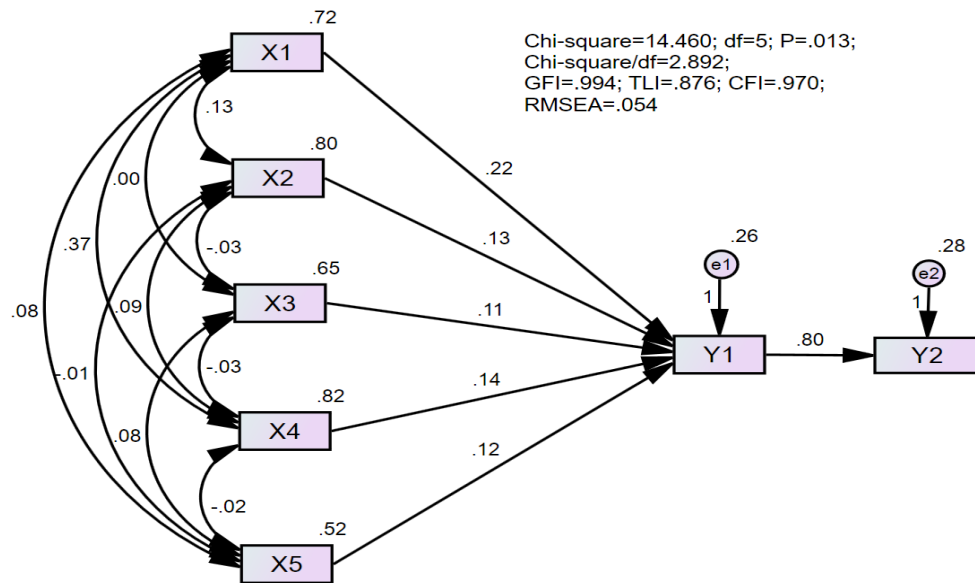
Table 2 displays the column where the value of P is less than 0.01, indicating a significance level of 0.01. The results revealed five characteristics that significantly influence capital attraction for economic growth in HCMC, with a significance level of 0.01. The implications for improving HCMC's capital attractiveness for economic growth are supported by scientific evidence. The self-healing capacity of industries and services affected by the COVID-19 pandemic has been identified to have specific solutions for each relevant entity based on the divergence of recovery stages. Without widespread assistance manipulating the market, selecting the support option during the recovery phase is based on three criteria: significant contribution to the City's GDP composition, substantial spillover effects, and a lower likelihood of self-healing capacity.

**Table 3.**

Testing Bootstrap for factors affecting capital attraction for economic development.

Parameter			SE	SE-SE	Mean	Bias	SE-Bias
X3	→	Y1	0.028	0.001	0.115	0.001	0.001
X4	→	Y1	0.027	0.001	0.142	0.000	0.001
X5	→	Y1	0.028	0.001	0.118	0.002	0.001
X1	→	Y1	0.027	0.001	0.221	0.001	0.001
X2	→	Y1	0.024	0.001	0.125	0.000	0.001
Y1	→	Y2	0.034	0.001	0.802	0.001	0.001

Table 3 displays the outcome of the bootstrap test on the factors that influence capital attraction for economic growth in HCMC. The test was performed using a sample size of 2000 and a significance level of 1%. In addition, the primary objective is to ensure sustainable development in the long run by focusing on enhancing the quality of economic growth and integrating the economic recovery program with urban development initiatives. This includes improving the urban living environment, implementing housing programs, enhancing transport infrastructure, and fostering regional connectivity and development.



**Figure 2.**  
Testing SEM for factors affecting capital attraction for economic development in HCMC.

Converting challenges into opportunities to rapidly develop the digital economy, establish comprehensive urban technical and social infrastructure, foster regional economic connectivity and urban development, achieve significant progress in constructing an efficient development administration, and enhance its role as the primary driver of economic growth in the southern region and the entire country. Figure 2 evaluates the elements influencing capital attraction for economic development in HCMC. The results indicate that the CMIN/DF value is 2.775, less than 3.0. The GFI value is 0.922, beyond the threshold of 0.900. Similarly, the TLI value is 0.965, surpassing the threshold of 0.900. The CFI value is 0.971, also exceeding the threshold of 0.900. Lastly, the RMSEA value is 0.051. In addition, the growth recovery process is linked to the reorganization of the economy towards competitiveness, focusing on raising the share of products and services that have high added value to promote sustainable development.

#### 4.2. Research Result Discussions

Ho Chi Minh City must persist in instituting reforms and streamlining administrative procedures, implement strategies to entice investors, and cultivate a conducive business climate based on the following:

(1) Policy framework ( $X1 \rightarrow Y1$ ) has the most substantial positive influence on capital attraction (0.307), highlighting the critical role of explicit and supportive policy mechanisms (in Table 2). The policy framework that impacts the attraction of capital and hypothesis accepted with a % significance level of 1% [33, 34]. Therefore, HCMC is significant in enhancing the policy system. HCMC should enhance the legislative framework about foreign investment to provide a more inclusive environment and favorable circumstances for investors while ensuring compliance with Vietnamese legislation. In addition, HCMC should prioritize developing supporting industries to concentrate on essential sectors and products, maximizing the positive benefits of foreign direct investment projects, and facilitating the participation of Vietnamese firms.

(2) Market search ( $X2 \rightarrow Y1$ ) also shows moderately strong effects (0.183, respectively), suggesting that efficient operations and market competitiveness are key drivers (in Table 2). The market research that impacts the ability to attract capital and hypothesis accepted with a % significance level of 1% [33, 34]. Therefore, HCMC is significant for enhancing market research. HCMC safeguards the environment by regulating production facilities that contribute to environmental pollution, promoting eco-friendly raw materials, fuels, production, and manufacturing techniques, and disseminating ecological preservation practices in production and daily life, enforced with appropriate penalties. To strengthen the protection of intellectual property, the Government must establish a strategy that addresses the issue of deterring deliberate infringement on trademarks and the production of counterfeit and substandard goods. In addition, HCMC is actively simplifying its organizational structure, clearly delineating the responsibilities of each step and each entity involved in administrative procedures, particularly in company licensing, work permits, visa management, and customs procedures at the tax office.

(3) Resource search ( $X3 \rightarrow Y1$ ) has slightly lower coefficients (0.151, in Table 2) but is still a statistically significant contributor. The impact of resource search on attracting capital and the hypothesis was accepted with a significance level of 1%. Therefore, the management implications of Ho Chi Minh City result in an enhanced ability to hunt for resources. It is imperative to prioritize and allocate resources toward developing material and technological infrastructure to establish a conducive environment for international investors [35-38]. Establishing a robust technical infrastructure system enhances the appeal of the business climate and provides favorable conditions for global investors. HCMC should strategize the development of a comprehensive training program to cultivate skilled and proficient human resources that can effectively meet the demands of companies. Vietnam's workforce has to be prepared to fulfill the needs of international investors.

(4) Efficient search ( $X4 \rightarrow Y1$ ) also shows moderately strong effects (0.210, in Table 2), suggesting that efficient operations and market competitiveness are key drivers. The impact of an effective search on attracting capital and the hypothesis was accepted with a significance level of 1%. Therefore, HCMC has practical consequences for enhancing the effectiveness of search operations. HCMC should improve the allure of cutting-edge investments in the high-tech sector. HCMC should develop projects that include cutting-edge technology, innovative technology, high-tech solutions, environmentally friendly technology, efficient management practices, significant economic value, and the ability to integrate into global production and supply networks [39, 40]. Vietnam should proactively choose projects, foreign investors, and suitable technology, enhance the appeal of high-tech investment projects, and provide unique investment incentives for these projects. Furthermore, imposing limitations on licensing for investment projects that employ obsolete technology leads to environmental contamination. To favor significant investors with long-term links with HCMC, it is necessary to decentralize the issue of preferential policies for investment capital. Shortly, leaders of HCMC should modify and modernize regulations to attract investment, mitigate adverse effects, and enhance the economic advantages of this industry. In addition, while considering newer circumstances, HCMC provides an opportunity to choose appropriate initiatives of high importance. The abovementioned elements should be considered while formulating tax and associated financial policies. Nevertheless, the task becomes more complicated when the opportunities to attract tangible and lawful investments are limited compared to previous times, particularly when fulfilling obligations under the latest generation of Free Trade Agreements and increasingly declining incentives.

(5) Innovation ( $X5 \rightarrow Y1$ ) has slightly lower coefficients (0.141 in Table 2) but is still a statistically significant contributor. The impact of institutional quality on capital attraction and the hypothesis was accepted with a significance level of 1% [41, 42]. Therefore, Ho Chi Minh City has significant implications for enhancing institutional quality from a management perspective. HCMC should streamline administrative procedures to improve efficiency and reduce complexity for foreign investment projects. Regularly reviewing, amending, and supplementing administrative regulations about investment operations is essential to incentivize investors and maintain adherence to overarching guidelines. Managerial practices should be publicly disclosed, transparent, and extensively promoted through mass media channels to ensure quick access to information for foreign investors. Establishing technological standards for investment projects in Vietnam is essential for enhancing technology transfer capabilities.

The study's unique contribution includes (1) proposing a comprehensive model that links five key factors: policy framework, market search, resource search, efficient search, and innovation to capital attraction and its subsequent impact on economic development in HCMC. This integrated approach bridges theory with practical application in the post-COVID-19 context. (2) It uniquely investigates how capital attraction strategies must adapt after the COVID-19 pandemic, particularly within a developing city context. The research reflects the urgent need for resilient investment mechanisms under volatile global conditions. (3) The study doesn't just stop at analysis; it translates empirical results into targeted policy recommendations tailored to HCMC's specific economic landscape, making it highly applicable to urban economic governance. (4) While grounded in HCMC, the findings and model can serve as a reference for other emerging cities worldwide aiming to attract foreign investment and accelerate economic development, particularly during crisis recovery.

## **5. Conclusions and Policy Recommendations**

### **5.1. Conclusions**

Ho Chi Minh City saw a significant impact from the COVID-19 epidemic in 2021, making it one of the most severely affected areas. HCMC has made significant strides in recruiting finance for socioeconomic development. Although HCMC has achieved remarkable capital investment outcomes, it is not currently the most appealing city for foreign investors in the ASEAN region. Thailand, Malaysia, and Indonesia have been selected by several multinational businesses for investment due to the highly competitive investment climate and the presence of supporting industries in ASEAN, which facilitate the development and creation of favorable circumstances for enterprises. In addition, the paper provides a comprehensive summary of relevant research, presents a research framework, and carries out quantitative research procedures. The authors assessed the investment climate and provided suggestions to enhance it to attract investment capital for the economic advancement of HCMC in the future. The study used a sample of 700 investors currently overseeing HCMC firms. The efficiency search component has the greatest and least influence on the policy framework. The study discovered five characteristics that significantly influence capital attraction for economic growth in HCMC, with a significance level of 1.0 percent. Thus, HCMC must modify its policy approach to uphold its competitiveness within ASEAN, guarantee the long-term viability of incoming capital inflows, and foster enhanced prosperity by creating higher value-added economic activities. This outcome was intended to accomplish socioeconomic development objectives.

### **5.2. Policy Recommendations**

Based on research results related to the disadvantages of the research, the model was only applied to a sample of 700 investors, which may not accurately reflect the population of over 50,000 investors in HCMC. The HCMC government should prioritize the implementation of the following policies. Several other parameters were not included in the research model. Hence, conducting more research by expanding the survey samples throughout various provinces and towns around the country is imperative to enhance the data's credibility. Augment additional variables and supplementary information from HCMC and other governmental entities. Simultaneously, researching issues such as trade promotion efforts has the potential to attract investment capital across the country. In addition, research can compare the key characteristics influencing investment attractiveness across different nations.



(1) Enhance the policy framework (0.307): HCMC should prioritize money allocation to complete unfinished initiatives in their supply chain infrastructure. Simultaneously, HCMC must identify several crucial regions within the country to allocate resources toward enhancing infrastructure in a contemporary and sophisticated manner to cater to potential investors' varied requirements. Furthermore, HCMC should be a supervisory tool to guarantee that the budgetary cash is utilized for commendable and outstanding objectives, yielding optimal results. Furthermore, to enhance the infrastructure, the HCMC needs laws appropriate for public-private collaboration, particularly legislative frameworks and rules that guarantee the quality of public services and are both transparent and inviting to attract investment into these initiatives. The anti-transfer pricing policy should be enhanced, considering all aspects of the value chain, industrial networks, advancements in 4.0 technology, and preferential levels in regional and global nations. To prevent international legal disputes with businesses throughout the implementation process. It is imperative to thoroughly examine the processes and regulations sufficiently suitable for restricting initiatives that potentially jeopardizing economic security.

(2) Improve efficient search capabilities (0.210): HCMC has practical consequences for enhancing the effectiveness of search operations by perfecting mechanisms and policies to promote the attraction of investment capital sources, including piloting the implementation of appropriate mechanisms to mobilize resources to create breakthroughs in infrastructure development, especially road, railway. Review and amend the law on the state budget and related regulations to strengthen the decentralization of mobilization and use of investment resources at the Central and local levels, creating favorable conditions for localities to work together. Invest the budget in shared infrastructure and regional link infrastructure. Research and propose amendments and supplements to mechanisms, policies, and laws to form a Regional Infrastructure Development Fund and Operational Regulations as a legal basis to attract and concentrate investment capital for the project's key point. Expand and establish the national refining, petrochemical, and energy hub in Dung Quat Economic Zone; create several significant renewable energy facilities (particularly offshore wind power). Redesigning the regional agricultural development model to promote ecology, endemism, rural economic development, new rural regions, and tourism... Reorganizing agricultural, forestry, aquaculture, and processing industry goods; developing fisheries logistics service centers; and safeguarding national defense and security. Forest economy and canopy economy development. Develop the region into a national tourism hub with regional and international marine and eco-tourism centers. Create seaport, airport, and border entrance logistics centers.

(3) Strengthen market search mechanisms (0.183): HCMC has aggressively and innovatively capitalized on the transfer of foreign direct investment (FDI) from China to Vietnam amidst the COVID-19 epidemic, the trade conflict between the United States and China and the new strategy of North Asian nations to attract key sectors in the southern region, while also enhancing the competitiveness of local firms in value chains. HCMC must strengthen its human resources, management, and business standards to establish connections and attract money from local firms. The State has a crucial role in establishing commercial connections and reducing market imperfections, particularly in the growth of ancillary sectors. To effectively foster practical connections, it is essential to establish industry linkage policies, support company incubation, and bolster competitiveness. Finally, HCMC should restructure its industry, agriculture, and services through investment activities and attraction. Encourage the development of sectors with potential and advantages. Industrial space along seaport-related coastal economic corridors, East-West economic corridors, and national highways connecting the Central Highlands to the region. Review, adapt, and split coastal economic zones, industrial parks, border gate economic zones, seaports, and airports to improve linkages and reduce resource rivalry. Mobilizing and balancing investment resources, phasing investment following legal regulations to complete essential infrastructure projects. Vietnam completes the criteria for selecting and prioritizing investment attraction following strategies, planning, and development orientations of industries, fields, and areas. Develop mechanisms and policies for outstanding incentives and international competition to create favorable business conditions to attract large, key national projects, high-tech projects, and FDI from partners in significant developed countries.

(4) Facilitate resource search (0.151): HCMC should implement policies to actively attract and recruit highly skilled individuals to work within the nation while enhancing educational programs to promote innovation in both theoretical and practical aspects. The Government should prioritize the following processes. Completing the legislative framework on foreign investment is imperative to provide investors a more transparent and favorable environment. However, this framework must follow Vietnamese law. HCMC is implementing measures to streamline and condense administrative procedures for foreign investment projects. Regularly reviewing, amending, and supplementing administrative regulations about investment activities is necessary to incentivize investors and assure adherence to the State's overarching policies. Managerial practices should be made generally known, transparent, and extensively disseminated through mass media channels to ensure foreign investors receive information most expediently. It is imperative to prioritize investing in material and technological infrastructure to establish optimal circumstances for international companies. Enhancing the technological infrastructure system enhances the appeal of the investment climate and establishes favorable conditions for global investors. HCMC provides training programs to develop highly skilled individuals to meet the demands of foreign direct investment (FDI) companies. Finally, focus on building, appraising, approving, and implementing regional planning and planning for each locality in the region for the period 2021 - 2030, with a vision to 2050; closely follow the approved national master plan, thereby determining the list of essential infrastructure works following the plan and calculating the need to mobilize investment capital in each stage, deciding on the plan.

(5) Upgrade institutional quality – Innovation (0.141): HCMC should mandate that investors commit to technology transfer, enhance the acquisition of shares, and foster connections between local firms. Inviting global corporations to invest in Vietnam is imperative. These enterprises, located far from areas of rapid economic growth, have a crucial impact on developing local, national, and regional networks of supporting industries and commercial connections in less developed regions. Nevertheless, it is necessary to carefully and comprehensively examine the methods for attracting investment and



the degree of compliance with regulations when collecting information about these businesses. It reduces the expense of attracting the eagles to build their nests. It is essential to consider the local support circumstances, the involvement of foreign companies associated with the multinational firm, and the obligations. Particularly in the context of technology transfer from this region and the associated penalties, it is crucial to prevent the occurrence of foreign firms reaping significant benefits and then relocating to other nations. In addition, aggressively and innovatively capitalizing on the transfer of foreign direct investment from China to Vietnam amidst the COVID-19 epidemic and the US-China trade war, as well as the North Asian nations' new strategy to attract investments in key sectors, and enhancing the competitiveness of local firms within value chains. Domestic firms must strengthen the caliber of their workforce. Firms have the necessary resources, managerial expertise, and established business protocols to connect and entice foreign direct investment firms. The State has a crucial role in establishing commercial connections and reducing market imperfections, particularly in the growth of ancillary sectors. Building realistic connection instruments through industrial linkage policies and company incubation is crucial to enhance competitiveness.

## 6. Limitations and Future Research

### 6.1. Limitations

While enlightening, this study is limited by its sample size of 700 investors, which may not fully represent Ho Chi Minh City's larger population of 50,000 investors. Its geographical focus on HCMC limits the application of its findings to other places. Several relevant elements are excluded from the study, including trade promotion, environmental sustainability, and political threats. The cross-sectional nature of the data further restricts the capacity to detect long-term trends or causal impacts. Furthermore, the use of self-reported data may generate biases. The model's explanatory strength is limited to the five variables included, potentially excluding other essential drivers. As a result, generalizability and detailed policy suggestions could be limited.

### 6.2. Future Research

Future studies should seek to widen the sample to include investors from several provinces, thereby improving generalizability. Additional variables, such as environmental considerations, political stability, and digital infrastructure, could enhance the analytical approach. Longitudinal research would help in understanding the dynamic nature of capital attraction over time. Researchers could also conduct cross-country comparisons to determine Vietnam's competitiveness in attracting FDI. Sector-specific analysis might reveal distinct investment drivers in significant industries. Future research should examine the role of trade promotion tactics and area planning in influencing investor behavior. More profound and extensive inquiries will provide stronger foundations for policies.

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