

AN ASSESSMENT OF VIETNAM'S LOGISTICS PERFORMANCE

BANOMYONG Ruth¹, TRINH Thi Thu Huong², PHAM Thi Cam Anh³, and
VARDEJSATITWONG Paitoon⁴

^{1,4}Business School, Thammasat University, Thailand,

²School of Economics and International Business, Foreign Trade University, Vietnam

³School of Economics and International Business, Foreign Trade University, Vietnam

ABSTRACT

Purpose: The purpose of this paper is to analyse the logistics capability of firms in Vietnam by evaluating the performance of local logistics service providers and manufacturing firms.

Design/ Methodology/ Approach: The logistics performance is measured based on 3 performance dimensions (Banomyong *et al*, 2014): cost, time and reliability. The authors use data obtained on 58 manufacturing firms and 59 local logistics service providers in Vietnam.

Findings: Most manufacturing firms have not taken advantage of logistics outsourcing with only 43% firms outsourcing for access to international markets and 14.3% for the internal market. The rate of returned goods at manufacturing enterprises is also quite high with on average more than 10% products being returned. The demand forecast rate is around average (71.45%) and the percentage of goods delivered on time is just above the average (82.92%). For logistics service providers, the timely delivery rate is 83.5%. The main reason for inappropriate delivery is the weather, increasing costs, delays in customs clearance and collectors. Experienced workers are available in both manufacturing firms and logistics service providers. However, 15.8% do not have planning staff despite forecasting process being vital for the business. In comparison with LPI key dimensions, responding enterprises are more optimistic, especially in terms of infrastructure quality and shipping services. However, logistics performance assessments from both responding enterprises and World Bank show that Vietnamese logistics system still need to improve in many aspects.

Originality/Value: Proposed recommendations can be considered as reliable practical for both local authorities and enterprises in a joint effort for Vietnamese logistics system improvement.

Research limitations: First, limited number of responding firms. Second, potential selection bias among those who responded the survey. If the company responding to the survey and those not responding differ, the analysis would suffer from biases. Third is the variation in respondents. The questionnaire may have been completed by people at different positions in company surveyed, resulting in differences in respondents' perspectives.