

Entry and Exit of formal firms in Vietnam 2000-2015*

Nghiem Q. Huynh[†]

04 January, 2022

Abstract

Using annual firm survey, I follow Dunne, Roberts, and Samuelson (1988) to compute summary statistics of formal firms in Vietnam from 2000 to 2015.

- 1 Single plant share**
- 2 Entry and exit of all firms**
- 3 Manufacturing**

There are 374 4-digit VSIC 1993 manufacturing industries.

3.1 Discussion

Compare to the US

1. Entry rate is about 4 times that of the US.
2. The other rates are comparable

Why entry rate is so high?

1. The annualized rate seems comparable to McCaig and Pavcnik (2021) who reports the entry rate of firms 2000-2017 at 27% annually. Thus, the data seem trustworthy.
2. The rate is high even compared to developing countries as documented in McCaig and Pavcnik (2021) and much higher than developed countries. McCaig and Pavcnik (2021) observe that this number is comparable to other countries that transition out of centrally planned economies.

*I would like to thank Sam Kortum and Costas Arkolakis for comments on this note

[†]Yale University, ngkiem.huynh@yale.edu

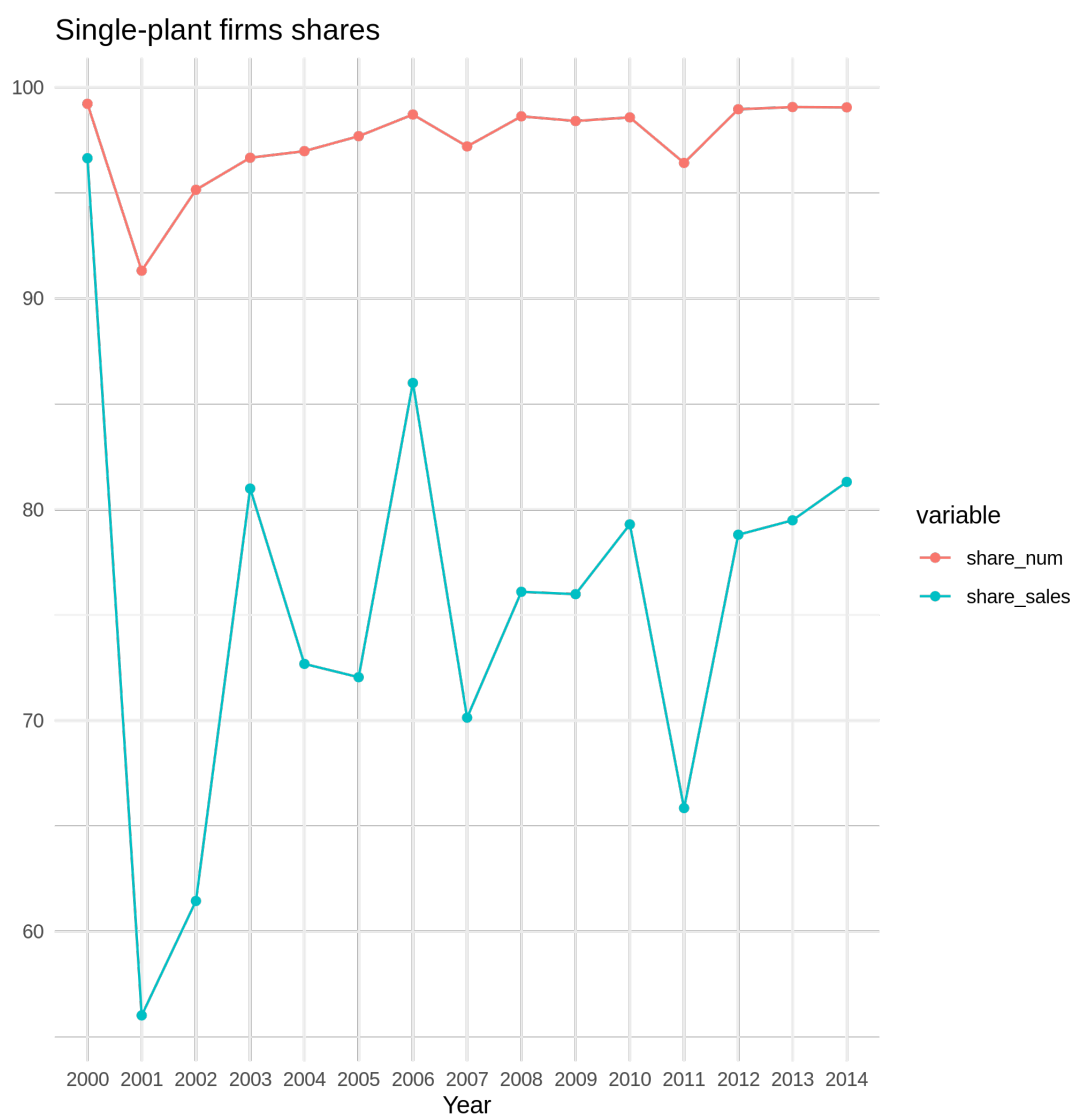


Figure 1: Single plant share

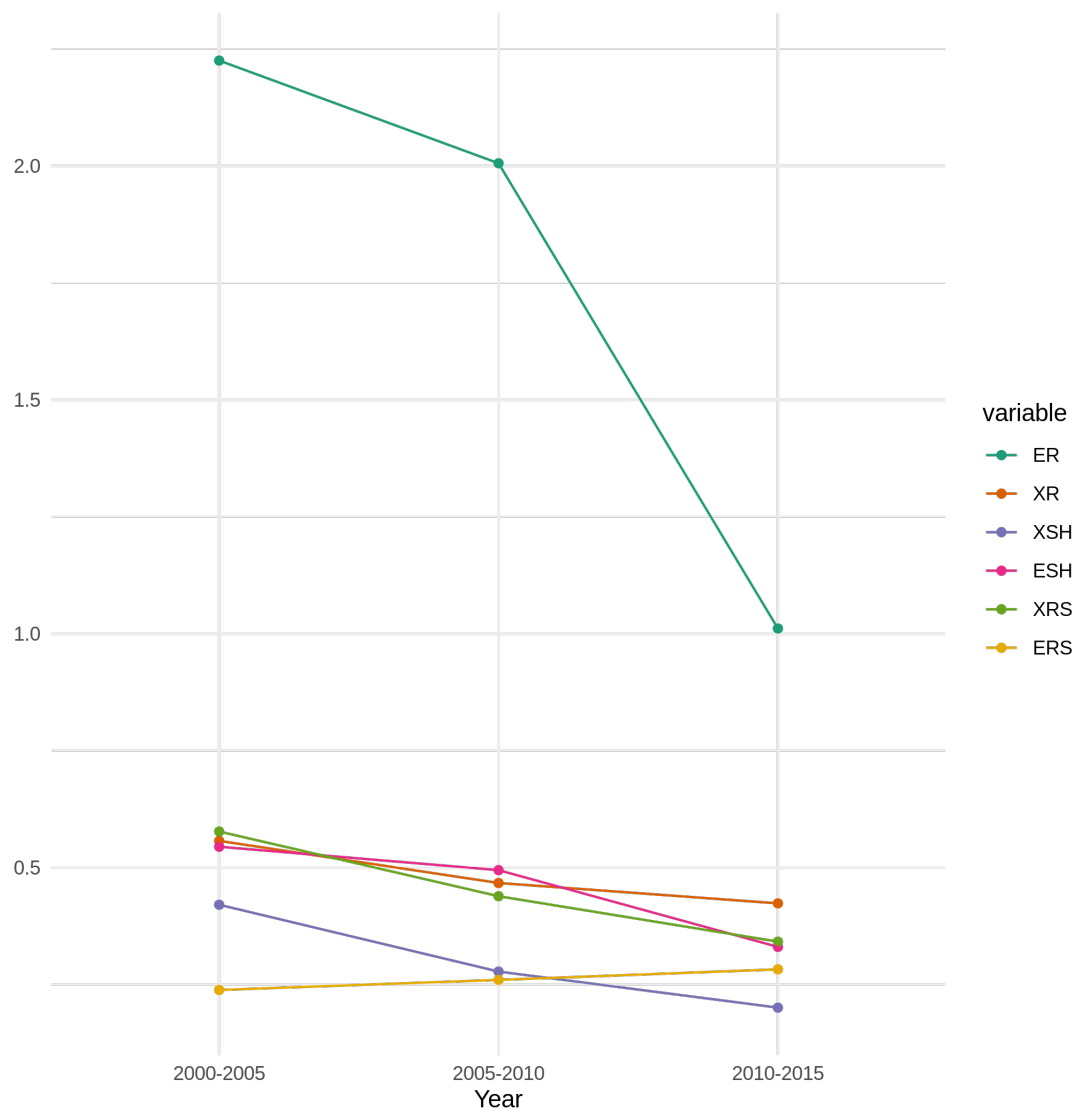


Figure 2: Entry-Exit

Table 1: Entry and exit all and manufacturing firms

	All			Manufacturing		
	00-05	05-10	10-15	00-05	05-10	10-15
Entry						
Entry Rate (ER)	2.225	2.005	1.011	2.477	1.552	0.806
Entrant Market Share (ESH)	0.545	0.495	0.330	0.467	0.406	0.270
Entrant Relative Size (ERS)	0.238	0.260	0.282	0.530	0.543	0.445
Exit						
Exit Rate (XR)	0.557	0.467	0.423	0.472	0.373	0.323
Exiter Market Share (XSH)	0.421	0.278	0.201	0.304	0.169	0.128
Exiter Relative Size (XRS)	0.577	0.439	0.342	0.859	0.448	0.373

Table 2: Entry and exit of US manufacturing firms

	1963-1967	1967-1972	1972-1977
Entry			
ER	0.307	0.427	0.408
ESH	0.136	0.185	0.169
ERS	0.369	0.359	0.324
Exit			
XR	0.308	0.390	0.372
XSH	0.144	0.191	0.173
XRS	0.367	0.367	0.344

References

- Dunne, Timothy, Mark J Roberts, and Larry Samuelson. 1988. "Patterns of Firm Entry and Exit in U.S. Manufacturing Industries." *The RAND Journal of Economics* 19 (4): 495. <https://doi.org/10.2307/2555454>.
- McCaig, Brian, and Nina Pavcnik. 2021. "Entry and Exit of Informal Firms and Development." *IMF Economic Review* 69 (3): 540–75. <https://doi.org/10.1057/s41308-021-00142-8>.