POLICY BRIEF

Determinants of Firm Performance in Vietnam:
The Role of CEO Gender and Firm Characteristics

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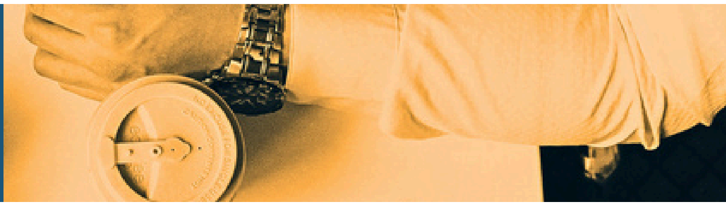
This policy brief is an outcome of the 2024 research grant program of SHAPE-SEA, developed as part of its commitment to advancing evidence-based policy and practice in the region.

Summary

This study examines the impact of CEO gender on firm performance in Vietnam, using firm-level data from the World Bank Enterprise Survey (WBES) 2024. The analysis applies Ordinary Least Squares (OLS) regression to analyze a sample of 531 firms across various industries. The research identifies a significant paradox: **while female CEOs contribute positively to firm sales and organizational effectiveness, firms primarily owned by women continue to face substantial performance disadvantages.** These results suggest that female leadership is a valuable resource, yet structural barriers like restricted capital access and limited business networks hinder female entrepreneurs.

Key Findings

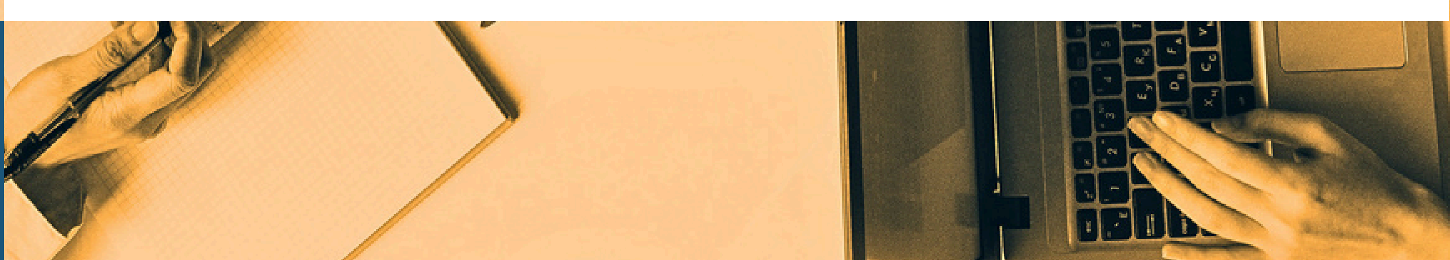


1. **Female CEOs** significantly improve firm performance through collaborative and prudent management styles.

2. **Female ownership** is negatively associated with performance due to systemic barriers and market discrimination.

3. **Infrastructure deficiencies,** specifically frequent power outages, act as a major bottleneck to productivity.

4. **International integration,** signaled by quality certifications and export status, serves as a strong driver of success.



Introduction

Firm performance is the backbone of Vietnam's economic competitiveness and long-term sustainability. While national policies have made strides in gender equality, women remain underrepresented in top executive roles and often face unique obstacles when they reach leadership positions. Research based on the Upper Echelons Theory suggests that a leader's demographic characteristics, such as gender, deeply influence strategic choices and organizational outcomes.

This brief presents empirical evidence showing that female CEOs in Vietnam provide a competitive advantage by emphasizing inclusive decision-making and sustainable growth. However, the study also highlights that leadership success is often undermined by structural constraints affecting female owners and broader infrastructure weaknesses. Addressing these issues is vital for creating a business environment where diverse leadership can thrive and drive national economic goals. Furthermore, **understanding how leadership demographics interact with organizational attributes like firm size and internationalization is essential for targeted policy intervention.**

Methodology

The analysis utilizes firm-level data from the WBES 2024 for Vietnam. The final sample includes 531 firms across the manufacturing, services, and trade sectors. To ensure statistical validity, an OLS regression model with heteroskedasticity-robust standard errors was employed. The model measured firm performance (annual sales revenue) against several variables, including CEO gender, ownership gender, firm size, age, and operational constraints like power outages.

Research and Results

I. The "Female CEO" Advantage

The study found that CEO Gender has a positive and statistically significant impact on performance (coefficient of 0.7611, $p=0.005$). This suggests that firms led by women perform better than those led by men, likely due to a leadership style that promotes collaboration, long-term orientation, and better risk management. These findings align with the Resource-Based View, which posits that unique managerial capabilities are a source of competitive advantage.

II. The "Female Ownership" Barrier

In contrast, Female Ownership showed a large negative effect on performance (coefficient of -10.264, $p=0.000$). This divergence is a "suppression effect," indicating that while women are effective as managers (CEOs), they face severe systemic disadvantages as owners. These disadvantages include restricted access to finance, a lack of collateral, and exclusion from influential business networks.

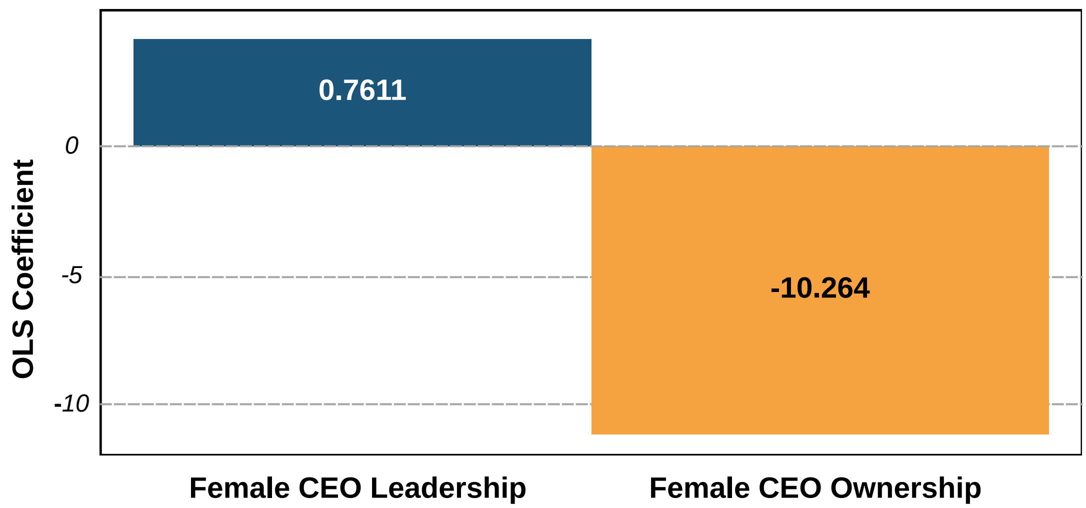


Figure 1
Comparison Between the Female CEO Advantage and the Female Ownership Barrier

Conclusion

The research concludes that female leadership is a strategic asset for Vietnamese firms. However, the performance of female-owned businesses is held back by structural inequities rather than a lack of capability. Furthermore, operational success is heavily dependent on reliable infrastructure and the ability to integrate into global markets.

Policy Recommendations

Promote Leadership Diversity: Establish mentorship programs and transparent promotion systems to increase the percentage of women in CEO roles.

Support Female Entrepreneurs: Develop targeted financial products, such as credit guarantees and tailored loans, to help female owners overcome collateral requirements.

Strengthen Infrastructure: Prioritize investment in the reliability of the power grid, particularly in energy-intensive manufacturing and export hubs.

Facilitate Global Access: Provide technical assistance and subsidies for SMEs to obtain international quality certifications.

Implications

Research suggests that failing to address the barriers faced by female owners results in a significant waste of economic potential. Evidence points to the CEO-owner distinction as a critical area for policy intervention; simply promoting women to leadership is not enough if they do not also have equal access to capital and networks. Promoting these changes will clarify the pathway toward a more resilient and inclusive Vietnamese economy.

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