POLICY BRIEF

RESEARCH GRANT PROGRAM 2024

Project Title:	The Impact of CEO Gender on Firm Performance in Vietnam
Grantee Name:	Ms. Le Ho Hai Yen

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

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 a sample of 531 firms across manufacturing, services, and trade sectors. The research identifies a significant paradox: while female CEOs contribute positively to firm performance, 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:

- Female CEOs significantly improve firm performance, potentially through collaborative and prudent management styles (Eagly & Carli, 2003; Dezsö & Ross, 2012).
- Female ownership is negatively associated with performance due to systemic barriers such as restricted access to finance and limited business networks (Fairlie & Robb, 2009; Baloyi & Ngwakwe, 2017).
- Infrastructure deficiencies, particularly power outages, remain a major obstacle to productivity (Dollar et al., 2005).
- International integration, reflected in quality certifications and export participation, serves as an important driver of firm success (Clerides et al., 1998; Prajogo, 2011).

Introduction

Firm performance is central to Vietnam's economic competitiveness and long-term sustainability. Although national policies have promoted gender equality, women remain underrepresented in top executive positions and often encounter unique barriers when assuming leadership roles.

The Upper Echelons Theory argues that executives' demographic characteristics influence strategic choices and organizational outcomes (Hambrick & Mason, 1984). Building on this perspective, previous studies suggest that female leaders often emphasize participatory decision-making, prudent risk management, and stakeholder engagement, potentially improving organizational effectiveness (Eagly & Carli, 2003; Croson & Gneezy, 2009).

This brief presents empirical evidence demonstrating that female CEOs may offer a competitive advantage in Vietnam. However, leadership effectiveness is frequently undermined by structural constraints affecting female owners and broader infrastructure challenges. Understanding how leadership demographics interact with firm characteristics is therefore critical for designing effective policy interventions.

Methodology

The analysis utilizes firm-level data from the World Bank Enterprise Survey (WBES) 2024 for Vietnam (World Bank, 2024). The final sample consists of 531 firms across manufacturing, services, and trade sectors.

To ensure statistical validity, an Ordinary Least Squares (OLS) regression model with heteroskedasticity-robust standard errors was employed (Wooldridge, 2010; White, 1980). Firm performance was measured using the natural logarithm of annual sales revenue and examined against CEO gender, ownership gender, firm size, firm age, and operational constraints, including power outages.

Research, Results, and Conclusions

The empirical results reveal several key insights into the drivers of business success in Vietnam:

1. The "Female CEO" Advantage

CEO gender exhibits a positive and statistically significant association with firm performance ($p < 0.01$). This finding suggests that female leadership may contribute to organizational effectiveness through collaborative decision-making, long-term orientation, and prudent management practices (Eagly & Carli, 2003; Dezsö & Ross, 2012).

From a theoretical perspective, these results align with the Resource-Based View, which argues that unique managerial capabilities can become sources of competitive advantage (Barney, 1991).

2. The Female Ownership Barrier

Female ownership was significantly associated with lower firm performance ($p < 0.01$), indicating that women entrepreneurs continue to face structural constraints such as limited access to finance, weaker business networks, and unequal market opportunities (Fairlie & Robb, 2009; Baloyi & Ngwakwe, 2017).

These findings suggest that the challenge lies not in women's managerial capability, but rather in the institutional and market barriers that constrain female-owned enterprises.

3. Structural and Operational Factors

Several firm characteristics also influence performance:

- **Firm Size and Age:** Larger and older firms benefit from accumulated experience, established reputations, and economies of scale (Hall & Weiss, 1967; Chandler, 1990).
- **Internationalization:** International quality certifications and export participation strongly enhance competitiveness and market access (Prajogo, 2011; Clerides et al., 1998).

- **Foreign Ownership:** Foreign investment provides access to technology, managerial expertise, and international networks (Globerman et al., 1994).
- **Infrastructure Constraints:** Frequent power outages significantly undermine productivity and competitiveness, particularly in manufacturing sectors (Dollar et al., 2005; Escribano et al., 2010).

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. Promoting leadership diversity alone is insufficient unless structural barriers affecting female entrepreneurs are simultaneously addressed.

Recommendations & Implications

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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