

## How the Vietnam War Made Female CEOs Better Than Men

By Bloomberg News

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Photographer: Justin Mott/Bloomberg

Vingroup JSC's Le Thi Thu Thuy says she brought a mother's perspective to Vietnam's largest mall, adding an indoor water park and ice rink to make it a weekend destination for Hanoi's 6.8 million residents.

"There was nowhere for the whole family to go," said Thuy, 39, who has two children and oversaw the opening of Vincom Mega Mall Royal City as chief executive officer of Vingroup before stepping down last month to run the firm's new online unit. Crowds of kids and young couples gathered at the rink on a recent weekend, suggesting her plan is paying off.

Women leaders like Thuy are getting rewarded by investors in Vietnam's \$58 billion stock market, the best performer in Asia this year. An index of companies currently led by female CEOs has almost tripled in the past five years, gaining about twice as much as the nation's benchmark VN Index, according to data compiled by Paris-based Intelligent Financial Research & Consulting and Bloomberg.

Female executives' success in Vietnam may stem in part from skills honed during decades of war that ended with the fall of Saigon in 1975, according to Thuy. With many of the men away from home fighting, women took over running businesses and managing family finances in addition to raising children. While women control less than 7 percent of the nation's corporate board seats, that's still the second-highest proportion among Southeast Asian countries tracked by IFRC after the Philippines.



Vingroup JSC's Le Thi Thu Thuy.  
Women leaders like Thuy are getting rewarded

## Global Impact

“Unlike in so many Asian countries, where women are marginalized, they are empowered in Vietnam,” Peter Ryder, the Hanoi-based CEO of Indochina Capital, an investor in female-led companies such as Vietnam Dairy Products JSC, the nation’s largest milk producer, said in a phone interview. “It’s part of the culture. Women here are very hard-working, very bright, very committed.”

The presence of female leaders has been shown to improve performance at companies around the world. A Credit Suisse Research Institute report that examined 2,360 companies in 46 nations between 2005 and 2011 found that those with one or more female board members produced above-average returns on equity, while commanding higher valuations in the stock market.

“There is a strong business case that demands women in leadership,” Deborah Gillis, the chief executive officer of Catalyst, a New York-based non-profit organization that promotes research on women in the workplace, said in an e-mail.

## Bigger Gains

In Vietnam, business sentiment is on the upswing. The VN index climbed 21 percent in the past year through last week as inflation fell to the slowest pace since 2009 in March, exports topped economists’ estimates and the central bank cut its refinancing rate to a six-year low. Policy makers are trying to maintain a recovery in economic growth that they forecast will reach 5.8 percent this year, up from 5.42 percent in 2013.

The equal-weighted index of 43 Vietnamese companies identified by IFRC with women CEOs has advanced 40 percent in the past year. It rallied 193 percent since March 2009, outpacing the 107 percent gain for the VN index, data compiled by Bloomberg show.

Stocks in the women index are spread across seven industries, with the biggest weightings in industrial and financial companies. The five-year returns range from a gain of 763 percent to a loss of 72 percent, with a median advance of 72 percent, data compiled by Bloomberg show. That compares with the median gain of 55 percent in the VN index.

## **Board Seats**

The VN index fell 0.5 percent to 591.57 at close today, while the women CEOs index was little changed.

Women account for 6.27 percent of board seats at Vietnamese companies, according to IFRC. In the U.S., women held about 17 percent of board seats in 2013, according to Catalyst. In Vietnam's Politburo, the top governing body of the nation's ruling Communist Party, they make up 12.5 percent of the 16 members, according to a government website.

Female CEOs in Vietnam tend to have a more inclusive decision-making process than men, seeking to form a consensus among stakeholders rather than dictating strategy, according to Chris Freund, a partner at Ho Chi Minh City-based Mekong Capital Ltd. who invests in women-led companies including Phu Nhuan Jewelry JSC.

Vu Thi Thuan, 58, who stepped down as CEO of Hanoi-based Traphaco JSC in 2011, said she made a point of having lunch with her employees during 11 years at the helm of Vietnam's second-biggest listed drugmaker and began supplying sanitary napkins to female workers. That's helped Traphaco retain employees even when they have better-paying opportunities elsewhere, said Thuan, who is now the company's chairwoman.

## **Family Environment**

Women leaders in Vietnam "are good at getting a family environment where people feel like they are part of a family or part of a team," said Freund. "They have high loyalty."

Not all the nation's top-performing companies are led by women. FPT Corp., the country's largest publicly-traded telecommunications and software company, has surged 87 percent in Ho Chi Minh City trading during the past year and climbed 145 percent in the past five years. The company, which was led by male CEOs during that period, increased sales and net income by more than 50 percent, according to its website.

"Gender equality is a good thing but I don't think it would move an investor one way or the other," said Patrick Mitchell, the head of institutional sales at VinaSecurities JSC. "Experience, leadership, adaptability and determination are key factors for a successful manager."

## **Diverse Views**

Including females in corporate leadership positions brings more diverse views to the decision-making process, said Simon Andrews, the regional manager for Vietnam, Cambodia, Laos, Myanmar and Thailand at International Finance Corp., the World Bank's private-investment arm.

“It’s less about the skill sets that women have and men don’t as it is about creating a diverse management team,” he said in an interview in Hanoi. “If you are excluding women, you are excluding your ability to be diverse.”

Vietnam Dairy Products and Vingroup, the country’s best-performing major stocks during the past five years, are both led by women.

Vinamilk, as the Ho Chi Minh City-based dairy producer is known, has surged 688 percent since March 2009 and is valued at \$5.6 billion. Under the leadership of CEO Mai Kieu Lien, the company is exporting to more than 23 countries and targets revenue of more than \$3 billion by 2017, up from about \$500 million five years ago.

Lien, the CEO since 1992, said in an e-mail interview that women executives tend to be more cautious than their male counterparts, leading to better risk management. Vinamilk shares have posted five straight years of gains exceeding 14 percent.

## **Independent Women**

Vingroup, the nation’s largest property developer and mall operator, has climbed 763 percent since 2009. Thuy joined in 2008 as head of the investment team and became CEO four years later. Net income at the company, now run by Thuy’s female colleague Duong Thi Mai Hoa, jumped more than fourfold last year, according to data compiled by Bloomberg.

Thuy’s decision to make Vingroup’s mall more family-oriented shows how executives can harness personal experiences to drive strategy, said Ralf Matthaes, a regional managing director at market-research firm TNS in Ho Chi Minh City.

“She brings a different perspective to a very male-centric business community,” said Tony Diep, a Hanoi-based managing director at Indochina Capital. “That is what makes her so effective.”

Thuy says she has drawn inspiration from women leaders during the country’s war years as she takes on her new role running VinE-com. Vingroup, where Thuy is a vice chairman, says the e-commerce unit will be one of its “core” businesses.

Lessons learned during the war have persisted in Vietnam as mothers who ran families and businesses passed down their experiences to younger generations, Pham Minh Huong, the chairwoman of VNDirect Securities, said in an interview in Hanoi.

“Women became very independent” during the war, Thuy said. “You had to be able to multi-task. You had to be able to make money, cook, take care of the kids. Seeing those examples empowers you.”