

## TOP CORPORATE LEADERS IN VIETNAM'S TRANSITIONAL ECONOMY: ORIGINS AND CAREER PATHWAYS

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Literature on the corporate elite in transitional economies has focused on the elite's political backgrounds. However, the evolution of the corporate sector amidst decades of transition in these economies suggests that research needs to go beyond origins to focus on career pathways. Adopting a career history analysis, this study constitutes the first systematic attempt to empirically analyze career pathways of top corporate leaders in Vietnam, where, the literature has argued, capitalists emerged from within the state sector. The analysis of an originally constructed database of top leaders of the 100 largest listed firms reveals, firstly, that state-origin leaders persist alongside newly emerging private-origin leaders and, secondly, that leaders following different career pathways exhibit different attributes, which influence the leaders' capacity to rise and stay in power. These findings demonstrate how a focus on career pathways would shed new light on the emerging patterns and drivers of social stratification in transitional economies.

*Keywords:* Corporate leaders; Transitional economy; Career pathway; Vietnam

*JEL classification:* L26, P26, P31

### I. INTRODUCTION

THE rise of the corporate elite as one of the increasingly affluent and prominent groups of actors across transitional economies has attracted considerable academic attention. Whereas income and other material advantages enjoyed by the elite under central planning tended to be modest because of state ownership of the means of production, transition to a market economy opened up new opportunities for accumulating private wealth (Walder, Luo, and Wang 2013). One crucial route to acquire private wealth and prestige was to gain ownership and/or control of large corporations. The key question is who seized

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such opportunities. To date, the literature has focused on the elite's political background. The flourish of empirical studies examining the acquisition of state assets by former regime elites in the early years of transition (Böröcz and Róna-Tas 1995; Goldman 2003; Walder 2002), as well as the performance of politically connected entrepreneurs or business owners in the 2000s (Li et al. 2008; Guo et al. 2014), have generally supported the view that individuals with a political background were better positioned to exploit the new opportunities.

However, over time, it has become increasingly questionable whether a simple focus on the presence or absence of a political background would shed light on the emerging patterns of social stratification in transitional economies. In the case of China, decades of transition have given rise to a corporate sector consisting of enterprises that differ substantially in terms of the types of industries in which they operate, economic resources that they control, and the nature of their relationships with the government (Shi, Markóczy, and Stan 2014). This, in turn, has added increasing diversity to the career pathways followed by individuals who rise as the corporate elite. Whereas such pathways were traditionally limited to appointment by the government as managers of state-owned enterprises (SOEs), private enterprises started to be set up not only by people having close ties with the state but also by highly skilled and/or entrepreneurial individuals who did not depend on state-controlled resources to succeed in business (Walder 2011; Shi, Markóczy, and Stan 2014). Furthermore, the need for professionalization of management in the context of marketization and globalization (Lin 2013; Zhang and Ma 2009) has raised the question of whether SOEs and private companies would turn to external recruitment of professional managers where internal supply of qualified candidates is limited. The emergence of new pathways is crucial as they might create an opportunity for a new cohort of individuals outside of the state system to rise as corporate elites.

Limited empirical studies have addressed the growing diversity of pathways to the corporate elite in transitional economies. This seems to be at least partly because of the reliance of previous empirical literature on large-scale survey data that included only a limited number of variables on the elite's political affiliations—most typically, Communist Party membership—at the time of the survey. The reliance on surveys also resulted in a concentration of empirical works on a small number of countries for which such data are readily available—notably, China—while other economies of potential importance have been left under-explored.

To address this research gap, this study adopts an alternative approach, a career history analysis, which has been adopted in studies on corporate governance and political mobility in China (Lin 2013; Leutert 2018). This approach involves tracing individuals' career pathways on the basis of biographical information, which is often available for listed firms across countries. The focus of

this study will be on Vietnam, which has the potential to provide crucial insights into the corporate elite in transitional economies. First, decades of economic reforms referred to as *doi moi* initiated in 1986 resulted in substantial transformation of the corporate sector, which gave rise to corporate leaders—as they are referred to in Vietnam—as an increasingly eminent social stratum. Second, whilst Vietnam is similar to China, which has been subject to considerable empirical analysis, in that both countries have maintained one-party rule by the Communist Party and the state's strong control over the economy (Witt and Redding 2014), the two countries differ with respect to domestic institutional settings, the nature of party–business relationships, and the impact of globalization on the corporate sector. Despite the potential significance, empirical analysis of corporate leaders in Vietnam to date is severely limited. The only relevant analysis to date has been conducted by Cheshier (2010), who examined the development of large firms in Vietnam. Based on the case studies of 12 purposively selected large firms up to 2007/8, he concluded that the capitalist class in Vietnam had emerged from within the state sector. By applying career history analysis to an originally constructed database of top leaders of the 100 largest listed companies, this paper is a first attempt to conduct an empirical analysis of a sizeable and systematically selected sample of corporate leaders in Vietnam covering the developments in the 2010s—the period characterized by restructuring of some of the country's largest state-owned conglomerates and the emergence of large private business groups. Consequently, this paper not only sheds new light on Vietnam's top corporate leaders but also makes broader contributions to the literature on the corporate elite in transitional economies.

The remainder of the paper is structured as follows. Section II reviews the literature, identifies research gaps, and elaborates on the research questions. Section III discusses the methodology and data sources. Sections IV, V, and VI provide empirical analyses. The last section summarizes the findings and discusses their broader implications.

## II. LITERATURE REVIEW

### A. *Corporate Elite in Transitional Economies—An Evolving Research Agenda*

Owners and managers of large corporations have come to constitute a group of increasingly affluent and eminent actors across countries undergoing transition from centrally planned to market economies. Early research has focused primarily on the elite's political backgrounds. Studies have shown how the elite from the old regime, such as former cadres, took advantage of the new opportunities to acquire state assets and become successful entrepreneurs, though the frequency and magnitude of this phenomenon varied across countries (Szelényi, Szelényi, and Kovách 1995; Böröcz and Róna-Tas 1995; Goldman 2003;

Walder 2002). In the words of Walder (2003, p. 899): “Markets and privatization have injected new value into public assets and create unprecedented opportunities for elite insiders.”

Over subsequent decades, economies undergoing transition not only entered different trajectories but also changed course, giving rise to different systems driving social stratification in Russia, Eastern Europe, and China (Széleányi 2010, 2013). With particular respect to the corporate sector, patterns of ownership and control took a different course of transition across countries, which suggests the need to examine each of the economies in greater depth. In the case of China, for instance, decades of transition have added increasing diversity to the corporate sector in terms of the origins of enterprises and their relationship with the state. By the 2010s, the corporate sector in China came to consist of: SOEs that remain under state ownership; privatized SOEs whose controlling shares are owned by private entities and sometimes the management itself; and firms established as private entities from inception (Walder 2011; Shi, Markóczy, and Stan 2014). The last category of firms is further classified into those that depend on government relationships for their original setup and for their subsequent operation, as well as those that rely more on entrepreneurial skills and inventiveness than access to state-controlled resources (Walder 2011; Shi, Markóczy, and Stan 2014).

Parallel to the evolution of the corporate sector is the increasing diversity in the career pathways followed by individuals who own and/or control large corporations. In the early years of transition, appointment by the party or government organizations of individuals who had been promoted within the state system constituted the main route to the management of large corporations. Over decades of transition, privatization of SOEs has resulted in the emergence of managers who typically started their career in the state sector but grew increasingly autonomous from the government (Walder 2011; Shi, Markóczy, and Stan 2014). Private enterprises have been set up by government officials or people who have close ties with them, as well as highly skilled individuals who have studied or worked in developed countries, referred to as “returnee entrepreneurs” (Walder 2011; Shi, Markóczy, and Stan 2014; Wang, Zweig, and Lin 2011). Furthermore, with the progress of marketization and globalization, professionalization of executive personnel, often via the introduction of young and innovative managers with high educational credentials from outside, emerged as a key agenda for SOEs and private companies alike (Lin 2013, 2017; Zhang and Ma 2009). Among the developments outlined above, the last two—namely, the emergence of returnee entrepreneurs and the recruitment of outside professionals—are particularly crucial as these may create an opportunity for a new cohort of individuals, typically young and qualified people outside of the state system, to rise as the corporate elite.

The emergence of new routes to the corporate elite would have profound consequences for the social structure of countries undergoing a market-oriented

transition (Walder 2011). Making sense of such consequences requires reorienting the focus of research away from the presence or absence of political backgrounds toward a broader understanding of who the owners and managers are and how they reached their current positions. Specifically, previous empirical literature on China has tended to focus on one crucial aspect of the owners' and managers' political backgrounds—that is, Communist Party membership because the data on party membership are readily available in large-scale surveys (Li et al. 2008; Guo et al. 2014). By contrast, attempts to address the features of corporate owners and managers in the new context needs to delve deeper into career pathways and varieties of political connections and network resources cultivated by these individuals.

In this regard, recent studies on Chinese SOEs suggest that analysis of career pathways may offer us a way forward. This approach involves the analysis of individuals' biographical information extracted from company websites and other sources (Lin 2013; Leutert 2018). Lin (2013), for instance, applied this approach to analyze the career pathways followed by CEOs of Chinese SOEs. Here, career pathways are classified in terms of the *types* of organizations a manager had worked for previously, such as SOEs, supervisory bureaus, unrelated government units, and organizations outside of the state system, in addition to the *breadth* of the types of organizations a CEO worked for during their career. Analysis of career pathways in conjunction with examination of personal, educational, and political attributes of CEOs sheds light on the nature of network resources and political connections cultivated by different types of CEOs. This would have profound implications not only for corporate governance of SOEs, as analyzed by Lin (2013), but also for the drivers and patterns of social stratification in China.

Given the benefits of career history analysis, the approach has potential for broader application beyond Chinese SOEs, provided that necessary modifications are made to the classification of pathways in accordance with the specific cases being analyzed. Possible candidates include private enterprises in China, as well as SOEs and private companies in other transitional economies of potential importance that have been dismissed in the literature.

### B. *The Case of Vietnam*

Vietnam is a typical example of such a “forgotten” country. This has partly to do with the limited dynamism of the enterprise sector in the early years of reform.<sup>1</sup> Vietnam was largely an agrarian economy, and it lacked the kind of dynamic rural private entrepreneurship in its early stage of transition that

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<sup>1</sup> This is despite the fact that it experienced the establishment of private companies by cadres and SOE managers who took advantage of their positions in transferring state assets (Greenfield 1994)—a phenomenon observed widely in other transitional economies.

China had, which led China to be characterized as a case of “capitalism from below” (Nee and Oppen 2012). With respect to the industrial and service sectors, Vietnam adopted a cautious approach to privatize SOEs. Even after it launched transformation of SOEs into joint stock companies, referred to as equitization, implementation remained slow. While the new legislation in the 2000s resulted in the establishment of an increasing number of private enterprises, they are predominantly small or medium in scale. For these reasons, Vietnam has consistently been characterized as a case of “near or complete absence of a private or even quasi-private enterprise sector” (London 2017, p. 410).

The situation started to change in the mid-2000s. On the one hand, increasing numbers of small and medium SOEs were equitized, while larger SOEs were organized into state-owned business groups that enjoyed dominant positions in regulated sectors and diversified into lucrative property and financial sectors (Pincus 2015). Equitization gained further momentum in the late 2010s, when the government’s efforts to accelerate equitization and divestment of state capital from SOEs extended to some of the country’s largest state-owned conglomerates and their subsidiaries (Le 2017). On the other hand, by the 2010s, large private and “quasi-private” conglomerates increased prominence (Pincus 2015), with their owner-founders emerging as one of the most affluent groups of actors in Vietnamese society—some even appearing in the billionaire list in *Forbes* magazine.<sup>2</sup> Recent studies by Vietnamese scholars have drawn attention to the rise of individuals engaged in business comprising a distinctive social stratum (*phân tầng xã hội*) or rank (*đội ngũ*) (Đỗ 2012; Hoàng 2010). The Vietnamese term used to refer to such individuals is *doanh nhân* (Đỗ 2012; Hoàng 2010), which literally means an entrepreneur or a businessperson. However, reflecting the standard definition of the term, which is “a person who directly leads, manages, and operates an enterprise” irrespective of the type of ownership, including SOEs (Hoàng 2010, p. 19), a more accurate translation would be “a corporate leader.”

While the evolution of the corporate sector in Vietnam and the emergence of corporate leaders who are increasingly affluent and autonomous suggest dynamics similar to the case of China discussed above, there are crucial differences. First, although Vietnam, similar to China, reorganized large SOEs in strategic sectors into state-owned conglomerates whilst keeping majority state ownership

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<sup>2</sup> In the 2020 list, there are four such individuals: Pham Nhat Vuong, chairman of Vingroup; Nguyen Thi Phuong Thao, CEO of Vietjet Aviation; Tran Ba Duong, chairman of Truong Hai Auto; and Ho Hung Anh, chairman of Techcombank (*Tuoi tre*, April 8, 2020, <https://tuoitrenews.vn/news/business/20200408/four-vietnamese-make-forbes-billionaires-list-in-2020/53927.html>). Accessed August 7, 2020.



(Cheshier, Penrose, and Nguyen 2006), the two countries differ with respect to institutional structures surrounding SOEs. Whereas China has centralized the state's rights as controlling shareholders in centrally owned corporations under the State-Owned Assets Supervision and Administration Commission (SASAC),<sup>3</sup> owners of state capital in SOEs in Vietnam remained highly dispersed, at least up to the mid-2010s.<sup>4</sup> They are central ministries and local government organizations, in the case of independent SOEs, and parent companies, in the case of subsidiaries of state-owned conglomerates. These organizations, as both state capital owners and/or supervisory organizations, frequently intervene in the management of SOEs (Painter 2003).

Second, although both countries experienced the rise of private entrepreneurs as influential actors, this started in Vietnam only recently—much later than in China. Furthermore, the integration of private entrepreneurs into the Communist Party, which significantly transformed the nature of party–business relationships in China (Dickson 2007; Shi, Markóczy, and Stan 2014), has yet to happen in Vietnam, at least on a significant scale.<sup>5</sup>

Third, on the international front, the much smaller size of the Vietnamese economy, combined with the remarkable growth in trade and foreign direct investments (FDI) in Vietnam in the 2000s, has made the degree of global exposure greater for Vietnam than for China.<sup>6</sup> As globalization and market competition, along with technological change, constitute a major impetus for professionalization of management (Zhang and Ma 2009), such impetus is likely to have been considerable for Vietnamese firms, especially those operating in nonregulated industries where competition is intense or for those venturing into new industries.

As a result of these similarities and differences, Vietnam has potential significance in providing unique insights into the rise of corporate elites under a

<sup>3</sup> Lin (2013, p. 751) notes that SASAC's appointment right is eclipsed by the Organization Department of the Communist Party, which controls the human resources management of important SOEs.

<sup>4</sup> Vietnam established the State Capital Investment Corporation (SCIC) in 2005 with the aim of representing the state capital interests in SOEs, but limited numbers of SOEs transferred state capital to the SCIC. It was only in 2018 that the State Capital Management Committee was established under the prime minister to act as the representative of the state capital owner of the country's largest state-owned conglomerates.

<sup>5</sup> This was pointed out by Cheshier (2010). The Communist Party of Vietnam only allowed private enterprise owners to join the party on a pilot basis in 2013 (Instruction No.17-HD/BTCTW of Central Organization Committee dated January 30, 2013), suggesting that the actual move is not likely to have taken place at least on a significant scale.

<sup>6</sup> The percentage of total trade in GDP in 2018 was 188% for Vietnam while the figure was 38% for China, and the percentage of net FDI inflows in GDP in the same year was 6.3% for Vietnam, much higher than the average of 2.2% for countries in East Asia and the Pacific, while the figure was 1.5% for China (World Bank 2019).

market-oriented transition. However, empirical analysis of corporate leaders in Vietnam to date has been severely limited. The only relevant analysis conducted to date is by Cheshier (2010), who examines the overall pattern of accumulation, including the origin of entrepreneurs, in large firms in Vietnam up to 2007/8. Having found that all 12 purposively selected firms but one were cases of state-related accumulation,<sup>7</sup> Cheshier (2010) argues that the capitalist class in Vietnam emerged from within the state.

This study is an attempt to extend the emerging research on corporate leaders in Vietnam, focusing on the following questions. The first question concerns the origins of the corporate leaders in the 2010s: *Did state-origin leaders continue to dominate the top leadership of large firms in Vietnam in the 2010s?* The aim is to extend Cheshier's (2010) analysis, firstly by covering the more recent period when large private and quasi-private conglomerates emerged and the restructuring of large SOEs gained momentum, and secondly by analyzing a larger and systematically collected sample of firms.

The second and third questions address the features of corporate leaders that have remained under-explored in the Vietnamese context. The second question concerns career pathways: *What types of career pathways led leaders to their current positions?* The analysis of pathways followed by the top leaders of the largest corporations in Vietnam will be guided by the following sub-questions derived from the literature reviewed in Subsection II.A. Are SOE and private company leaders predominantly those promoted internally and owner-founders, respectively, as in the case of China? Have companies turned to outside professionals in response to increasing demand for professionalization of management in the context of globalization? How do leaders following different pathways differ with respect to the types of experiences cultivated?

The third question concerns the leaders' attributes: *Do leaders following different career pathways differ with respect to personal and educational attributes?* As demonstrated by the study of CEOs of Chinese SOEs (Lin 2013), examining leaders' attributes such as age and educational levels in conjunction with career pathways would shed a clearer light on the background from which such leaders originate. This is expected to provide crucial insights into the patterns and drivers of social stratification in Vietnam.

In the remainder of the paper, these questions will be examined via an in-depth analysis of the profiles and career histories of the top leaders of Vietnam's largest listed companies.

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<sup>7</sup> While the criteria for selection are not explicitly discussed, the cases are designed to emphasize "the variety of state-related accumulation processes operating in Vietnam" (Cheshier 2010, p. 194), suggesting that the selection is purposive.



### III. METHODOLOGY AND DATA

#### A. Methodology

In an attempt to analyze leaders of largest firms in Vietnam, this study adopts the career history analysis approach. This approach, adopted in studies on corporate governance and political mobility in China (Lin 2013; Leutert 2018), involves tracing leaders' career pathways on the basis of biographical information. Although this approach demands a substantial database construction process, it allows the heterogeneity of career pathways and the types of experiences cultivated by the leaders to be analyzed. This paper focuses on the top two leadership posts; namely, chairmen and general directors<sup>8</sup>—the two top leadership posts—of the 100 largest firms listed on the Ho Chi Minh Stock Exchange as of the end of 2016. The choice of companies is appropriate for the following reasons. First, it is consistent with the purpose of analyzing corporate leaders that may constitute one of the most affluent and eminent groups because listing on stock markets requires firms to fulfill size and performance conditions. Second, this choice conforms to our interest in the consequences of SOE reforms and the rise of private conglomerates. Since the early 2000s, Vietnam has promoted the listing of equitized SOEs on the stock exchange. By the 2010s, listed firms included some of the largest and best-performing equitized SOEs as well as many of the major private or quasi-private conglomerates such as Vingroup, Hoang Anh Gia Lai, and Masan Group.<sup>9</sup> Lastly, detailed and accurate data on firms and leaders can be obtained with relative ease.

One potential problem of focusing exclusively on listed firms is that 100% state-owned firms, which include Vietnam's largest firms, are automatically excluded from the scope of analysis. However, as will be discussed below, many of the subsidiaries of the country's largest 100% state-owned conglomerates have been equitized and listed on the stock exchange and, therefore, are included in our sample. Analyzing the leaders of these subsidiaries, to a certain extent, would

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<sup>8</sup> According to the Enterprise Law of 2014, the chairman is the head of the management board, who is elected at general shareholders' meetings. The chairman is responsible for, *inter alia*, setting up the operation program and management board plan, organizing management board's adoption of resolutions, and supervising the implementation of the resolution. The general director is appointed by the management board to run the daily business of the company under the supervision of the management board. Except in the case of joint stock companies where the state holds more than 50% of the total votes, the chairman may concurrently be the general director. As we shall see in Subsection III.C, the incidence of chairmen concurrently holding general directors is quite high in our database.

<sup>9</sup> These three firms, all listed on the Ho Chi Minh Stock Exchange, are among the four major examples of "quasi-private" conglomerates named by Pincus (2015), while only one (Sovico Holdings) is unlisted.

enable us to observe the features of leaders of the parent companies because, as we shall see, many of the top leaders of these subsidiaries had worked in the parent companies or other subsidiaries of the conglomerates before being appointed as chairmen or general directors of the subsidiaries.

### B. *Data Source*

The analysis utilized an original database constructed by the author covering firm-level and leader-level information.<sup>10</sup> The database covers the 100 largest companies listed on the Ho Chi Minh Stock Exchange as of the end of 2016, which were extracted using the following procedure. First, a comprehensive list of listed firms, which contained 305 firms, was obtained from the Ho Chi Minh Stock Exchange website. Second, for these 305 companies, financial data were obtained from the website of VNDirect Securities Corporation ([www.vndirect.com.vn](http://www.vndirect.com.vn)). Third, the 305 companies were ranked by the following two indicators: average net revenue and profits before tax during the five years from 2011 to 2015. For each company, revenue and profit rankings, ranging from 1 (the top) to 305 (the bottom), were assigned, and the two figures were added to calculate the overall ranking. The author then extracted the top 100 ranked companies.

For the top 100 companies, two types of databases were constructed covering information as of the end of 2016. The firm-level database includes information on sector and ownership structure. The leader-level database covers basic profiles (e.g., year of birth and educational attainment) and detailed career histories of chairmen and general directors of the 100 companies. The histories start with the year of graduation from school,<sup>11</sup> followed by a series of career records consisting of companies or organizations worked for, positions, and duration of employment. With respect to companies where the leaders served as either chairman or general director as of the end of 2016, referred to as “current companies,” the database includes information on: (1) whether or not the leader joined the company on its establishment; (2) the year in which he or she was first promoted to a leadership position, defined as either deputy general director, general director, or member of the management board; and (3) the year in which he or she was posted to the current position. While efforts were made to obtain career records for the entire period of each individual’s career from graduation to 2016, some had inevitable “missing periods” during which no career records could be

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<sup>10</sup> The same database was used in the author’s earlier work on the overall characteristics of the corporate leaders of the top 100 nonfinancial firms (Fujita 2018). This study substantially extends the analysis by focusing specifically on the origins and career pathways of the leaders and incorporating financial firms into the scope of analysis.

<sup>11</sup> This was either available from published sources or estimated by the author on the basis of the year of birth and the level of educational attainment.

TABLE 1  
Ownership and Sectoral Structure of the 100 Companies

	SOEs	Former SOEs	Private Companies	Total
Petroleum and natural gas exploitation	5	0	0	5
Food and beverage	0	9	5	14
Textiles and garments	0	1	1	2
Chemicals	6	1	0	7
Pharmaceuticals	0	4	0	4
Rubber and plastics	5	2	0	7
Basic metal	0	0	4	4
Electric and electronic products	1	2	0	3
Other manufacturing	3	1	2	6
Electricity	4	0	0	4
Construction	1	2	2	5
Trade	3	3	5	11
Transport	4	2	1	7
Real estate	0	1	6	7
Finance	7	1	3	11
Other services	0	3	0	3
Total	39	32	29	100

Source: The author's database.

obtained. This likely had limited consequences as there were only 24 individuals (13.9%) for whom missing periods exceeded 30% of the number of years since graduation.<sup>12</sup>

Company annual reports and websites were the main sources of data, but these were complemented by internet sources, such as the CafeF website offered by the media company, VCCorp Joint Stock Company ([www.cafef.vn](http://www.cafef.vn)).

### C. Companies and Leaders

Table 1 shows the composition of the 100 companies by ownership status and sector as of the end of 2016. There are three ownership categories. SOEs are companies that are more than 50% owned by the state. Former SOEs are companies that meet the following two criteria: (1) they were originally established as SOEs, or their predecessor companies were SOEs; and (2) the state ownership ratio had been reduced to 50% or below as of the end of 2016. All remaining companies that are not within the above two categories are private companies. SOEs constitute the largest group—nearly 40% of the total—followed by former SOEs and private companies. The ownership types are closely related to sectoral structure. SOEs are concentrated in sectors that are strategically important for the

<sup>12</sup> The assumption is 18 years after birth for high school graduates, 22 years for those with a bachelor's degree, and so on.

national economy, such as resource exploitation, utilities, chemicals, and transport. Of the 39 SOEs, 25 are subsidiaries of five of Vietnam's largest state-owned conglomerates called state economic groups (SEGs)—namely, Vietnam Oil and Gas Group (Petrovietnam), Vietnam Electricity (EVN), Vietnam National Chemical Group (Vinachem), Viettel Group, and Vietnam Rubber Group; 11 are subsidiaries of smaller state-owned conglomerates called general corporations (GCs) under the central or local government; and only three are independent SOEs. Former SOEs are found in a wide range of industries, including nonstrategic industries, where state ownership ratios were reduced as a result of equitization and divestment of state capital from SOEs. Private companies are concentrated in food and beverages, metal, trade, and real estate,<sup>13</sup> although many are diversified.

There has been considerable retreat of state ownership from SOEs and former SOEs. In 19 of the 39 SOEs, the state ownership ratio was less than 60% as of the end of 2016. In half (16) of the 32 former SOEs, state ownership had been reduced to 0%, and in a further six companies, the ratio was less than 10%. Foreign ownership was restrained because Vietnam used to impose a 49% cap on the foreign ownership ratio of listed companies, which was lifted only in September 2015 (Government Decree 80/2015/ND-CP). Nevertheless, an increase in foreign ownership took place in some of the former SOEs and private companies. There are 16 companies (one SOE, 11 former SOEs, and four private companies) whose foreign ownership ratio exceeded 40% and was 50% or below, and three companies (two former SOEs and one private company) whose foreign ownership exceeded 50%.

The database on leaders includes a total of 173 individuals, including 95 chairmen (total of 18 chairmen-cum-general directors and 77 chairmen) and 78 general directors (Table 2). Five companies were not included in the chairmen sample because of post vacancy (one company) and simultaneous appointment as chairmen in two of the 100 companies (four companies). 22 companies were excluded from the general director sample because of the simultaneous appointment of chairmen as general directors (19 companies, only 18 of which were counted in the chairmen sample as the chairman of the remaining company simultaneously served as the chairman of another company among the top 100) and the post being taken by foreigners (three companies). Those simultaneously

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<sup>13</sup> Both SOEs and what Pincus (2015) refers to as “quasi-private conglomerates” leveraged privileged access to state-controlled resources such as land to venture into real estate development in the 2000s. However, SOEs, most of which had operated in other industries as the main lines of business, were subsequently required by the Vietnamese government to divest from noncore businesses including real estate by 2015 (*Vietnam Investment Review*, July 11, 2012, <https://www.vir.com.vn/stated-owned-groups-to-divest-from-non-core-investments-by-2015-14924.html>). Accessed August 7, 2020.

TABLE 2  
The Number of Leader Samples by Company Ownership and Position

	SOEs	Former SOEs	Private Companies	Total
Chairmen	37	31	27	95
Chairmen only	36	23	18	77
Chairmen-cum-general directors	1	8	9	18
General directors	38	22	18	78
Total	75	53	45	173

Source: The author's database.

serving as chairmen of two companies were assigned to companies in which they had spent a longer time.

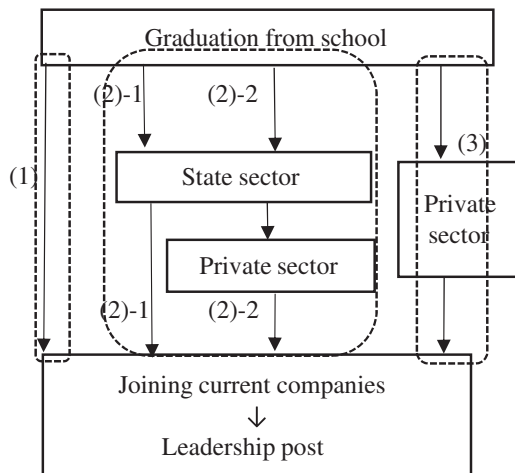
#### IV. ORIGINS: STATE VERSUS PRIVATE

Sections IV, V, and VI present the analysis of the top leaders of the 100 largest listed firms in Vietnam corresponding to the three questions posed in Subsection II.B. Section IV examines the first question concerned with the origins of the leaders, focusing on whether or not the predominance of state-origin leaders continued in the 2010s.

In exploring this question, 173 leaders in the database were classified by their origin using the information on career histories discussed in Subsection III.B. First, career records prior to reaching their current companies were classified as either state sector or private sector. *State-sector experience* includes experience with all branches of government, party, military, SOEs, and study or work in former Eastern bloc countries.<sup>14</sup> *Private-sector experience* includes experience in private companies, individual establishments, foreign-invested companies in Vietnam, and work in capitalist countries after *doi moi* started. Second, leaders were classified by their experience into the following three categories shown in Figure 1. The first category, which corresponds to (1) in the figure, includes those who did not have any experience prior to joining their current companies. The second category, corresponding to (2) in the figure, includes those who had experience in the state sector prior to joining their current companies. These leaders may have had experience in the state sector *only* (corresponding to (2)-1 in the figure) or may have had experience in the private sector *in addition to* the state sector (corresponding to (2)-2 in the figure). The third category, (3) in the figure, covers those with experience *only* in the private sector. Third, leaders

<sup>14</sup> The author developed this classification by using Webster and Taussig's (1999) definition of political connections as a reference.

Fig. 1. Identifying Leaders' Origin



Source: Prepared by the author.

Note: For type (2)-2, the order of state-sector experience and private-sector experience may be reversed.

were classified into state-origin and private-origin as follows. For SOE and former SOE leaders, those in the first and second categories are state-origin, and those in the third category are private-origin. For private company leaders, those in the second category are state-origin, and those in the first and third categories are private-origin.

Table 3 shows the distribution of leaders by origin. With respect to SOE and former-SOE leaders, nearly 100% originated from the state sector. Moreover, the majority of SOE and former-SOE leaders of state-sector origin either had state-sector experience only or had no prior experience before joining their current companies, while nearly half of the private company leaders of state origin had both private- and state-sector experience. Nevertheless, the table also confirms the emergence of private-origin leaders, primarily in private companies, but also among general directors of former SOEs. Cheshier (2010), based on an analysis of 12 large firms in Vietnam, found one case that grew without any significant connections with the state. However, because the samples were limited and were purposively selected, it was not possible to infer whether such a case was only an outlier. By contrast, the present analysis found that by 2016, leaders without any state-sector experience comprised 51.1% of all private company leaders and 13.6% of general directors of former SOEs among the 100 largest listed companies.



TABLE 3  
Origin of Leaders: State versus Private (unit: no. of leaders)

Experience Prior to Joining the Current Company	SOEs			Former SOEs			Private Companies			Grand Total
	CM	GD	Total	CM	GD	Total	CM	GD	Total	
	(1) No experience	8	19	27	8	5	13	3	2	
(2)-1 State-sector experience only	26	14	40	20	11	31	8	2	10	81
(2)-2 State- and non-state-sector experience	3	3	6	3	3	6	3	9	12	24
(3) Non-state-sector experience only	0	1	1	0	3	3	13	5	18	22
Not identifiable	0	1	1	0	0	0	0	0	0	1
Total	37	38	75	31	22	53	27	18	45	173
State-sector origin (%)	21.6	51.4	36.5	25.8	22.7	24.5	-	-	-	-
(1)	70.3	37.8	54.1	64.5	50.0	58.5	29.6	11.1	22.2	-
(2)-1	8.1	8.1	8.1	9.7	13.6	11.3	11.1	50.0	26.7	-
(2)-2	100.0	97.3	98.6	100.0	86.4	94.3	40.7	61.1	48.9	-
Subtotal	0.0	2.7	1.4	0.0	13.6	5.7	48.1	27.8	40.0	-
Private-sector origin (%)	-	-	-	-	-	-	11.1	11.1	11.1	-
(1)	0.0	2.7	1.4	0.0	13.6	5.7	59.3	38.9	51.1	-
Subtotal	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	-
Total (%)										

Source: The author's database.

Notes: 1. "CM" and "GD" refer to chairmen and general directors, respectively.

2. % of total is calculated excluding leaders for whose origin could not be identified.

## V. CAREER PATHWAYS

The previous section demonstrated that state-origin leaders continue to persist alongside newly emerging private-origin leaders—a finding which itself is new and significant. In order to make sense of the implications of this new development for social stratification, the following two sections delve deeper into the under-explored features of corporate leaders in Vietnam. This section specifically focuses on the following question: *What types of career pathways led leaders to their current positions?*

### A. Types of Career Pathways

First, this subsection analyzes the types of career pathways followed by the leaders. The analysis draws on the classification of pathways developed on the basis of the literature reviewed in Section II, making adaptations according to the Vietnamese context. The first is *internal promotion*, which refers to the situation in which a leader joined the current company early on in his or her career<sup>15</sup> and climbed the corporate ladder before being appointed as the chairman or general director. This is a common pathway across major corporations around the world and particularly in Asia (Chan 1996), as well as among Chinese and Vietnamese SOEs (Lin 2013; Frenkel and Yu 2014, p. 397). Taking into account that most SOEs in the sample are subsidiaries of state-owned conglomerates, this category is subdivided into *internal promotion within the firm* and *internal promotion within the group*. The latter subcategory was added to capture if promotion within state-owned business groups—the main career pathway observed among CEOs of Chinese SOEs (Lin 2013)—is also found in Vietnam. The second category is *founding leaders*. Given that the number of private companies in Vietnam began increasing only in the early 2000s, founding leaders are likely to remain in power in many private companies. The last category is *transfer*, which covers leaders who have switched jobs in the course of their career. SOEs and private companies facing the demand for professionalization of management yet limited supply of qualified internal candidates might turn to this option.

Table 4 shows the distribution of leaders by career pathway. Similar to the case of China, the majority of SOE leaders were internally promoted, either within companies or groups. With respect to private company leaders, as expected, chairmen are predominantly founding chairmen. Notably, there is a sizeable group of transferring leaders, particularly among general directors. Further scrutiny is needed to examine if they include qualified individuals hired from outside as professional managers, which will be done later in this section. Leaders of former SOEs exhibit the features of both SOE and private company

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<sup>15</sup> The author set the cutoff age for joining the company as late 20s.

TABLE 4  
Leaders' Origin and Career Pathway (unit: no. of leaders)

	SOEs			Former SOEs			Private Companies			Grand Total
	CM	GD	Total	CM	GD	Total	CM	GD	Total	
State-sector origin:										
Internal-Firm	8	19	27	10	9	19	0	0	0	46
Internal-Group	21	12	33	2	1	3	0	0	0	36
Founding	0	0	0	7	2	9	10	3	13	22
Transfer	6	1	7	12	7	19	1	8	9	35
Subtotal	35	32	67	31	19	50	11	11	22	139
Private-sector origin:										
Internal-Firm	0	0	0	0	0	0	0	1	1	1
Founding	0	0	0	0	0	0	13	2	15	15
Transfer	0	1	1	0	3	3	3	4	7	11
Subtotal	0	1	1	0	3	3	16	7	23	27
Not identifiable	2	5	7	0	0	0	0	0	0	7
Total	37	38	75	31	22	53	27	18	45	173

Source: The author's database.

Note: "CM" and "GD" refer to chairmen and general directors, respectively.

leaders, with similar numbers of internally promoted and transferring leaders alongside fewer founding leaders, mostly chairmen. Typically, these founding leaders established enterprises that had certain levels of capital contribution by state organizations in the early years of *doi moi* and took advantage of connections with the state in running the enterprises.<sup>16</sup>

### B. Career Experience

Having presented the broad classification of career pathways followed by top corporate leaders in Vietnam, we now examine specific types of experience cultivated by state- and private-origin leaders prior to joining their current companies. The aim would be to derive a better understanding of the types of experience each pathway typically entails.

With respect to state-origin leaders, the details of state-sector experience prior to joining current companies are analyzed using the six-type classification shown in Figure 2. The figure shows the percentage of leaders who had each type of experience in the total number of leaders in the respective category. A leader may have had single or multiple types of experience, or none at all. Drawing on Lin (2013), the focal issues here are the *types* and *breadth* of experience, both of

<sup>16</sup> FPT Joint Stock Company provides a typical example, as discussed in Cheshier (2010).

which influence the nature of network resources and connections cultivated by the leaders. With respect to the *type*, an experience may be business-based in other SOEs, or nonbusiness-based in government, party, or military organizations. The *breadth* of experience is measured by the number of types of experience per leader. For instance, for a leader who had worked for a state academic institution, a central ministry, and an SOE, the number of types of state-sector experience is three. While a leader who had no experience outside of their current companies or had experience only in other SOEs is likely to have accumulated firm-specific or business-specific insider network resources, a leader who had broad range of nonbusiness-based experience is likely to have developed diverse political connections or networks.

The results show that the types and breadth of state-sector experience differ substantially by company ownership and the leaders' career pathways. Regarding leaders promoted internally within firms or groups, who constitute nearly 90% of SOE leaders and 44% of former-SOE leaders, few had worked for other companies or organizations prior to joining their current companies or groups. Moreover, the scope of experience is narrow, limited primarily to SOEs. The average numbers of types of state-sector experience per leader are 0.72 and 0.32, respectively, for leaders promoted within firms and within groups. This suggests that network resources developed by internally promoted leaders are business-based and are primarily firm- or group-specific.

This contrasts sharply with founding and transferring leaders, who are found primarily among former SOE and private company leaders. For leaders following these pathways, the proportion of leaders with prior experience is higher. Moreover, the types of experience are not limited to SOEs but are much broader, and include government organizations, academic institutions, and work or study in former Eastern bloc countries. Founding and transferring leaders, on average, had 1.50 and 1.40 types of prior experience per leader. This suggests that these leaders are likely to have developed a broad range of nonbusiness network resources. A typical example is Truong Gia Binh, chairman of FPT Joint Stock Company, which has grown into a major information technology service company. Binh had studied in the Soviet Union, where he earned a doctoral degree in mathematics, and worked in research institutes in Vietnam and the Soviet Union before he returned to Vietnam in the late 1980s and established a company under the Ministry of Science and Technology.

Having found that the most common types of state-sector experience are with SOEs, followed by central and local governments, a question arises: *Do these SOEs and government organizations constitute state capital owners or supervisory organizations of the companies that the leaders currently work for?* In Vietnam, unlike China, the owner of state capital in SOEs is dispersed under central ministries, local government organizations, and parent companies of



conglomerates. The key issue here is whether or not the leaders' connections with government organizations are buttressed by formal organizational ties based on capital and/or supervisory relationships.

The results point to the limited role of line ministries or local governments. Among 68 SOE and former-SOE leaders with prior experience in SOEs or government organizations, 35 had worked for the parent or subsidiaries of GCs or SEGs that their current companies belong to, four in line ministries of the respective SOEs, and three in SOEs that hold shares in the respective companies, while the remaining 26 leaders had not worked for any of the above. This suggests that connections cultivated by leaders are not based primarily on formal organizational ties such as capital and supervisory relationships, with the exception of parent–subsidiary relationships in state-owned conglomerates. The result implies that such connections are not likely to be influenced substantially by Vietnam's ongoing SOE reforms, which aim to separate administrative control and ownership of SOEs and to divest state capital from SOEs.

With respect to private-origin leaders, who worked only in the private sector prior to joining their current companies, the basic question is whether they originate from the traditional household businesses or the modern corporate sector. The types of private-sector experience are classified as follows: (1) work in individual establishments, (2) work in domestic private companies, and (3) work in foreign-invested enterprises (FIEs) in Vietnam or in capitalist countries after the start of *doi moi*.

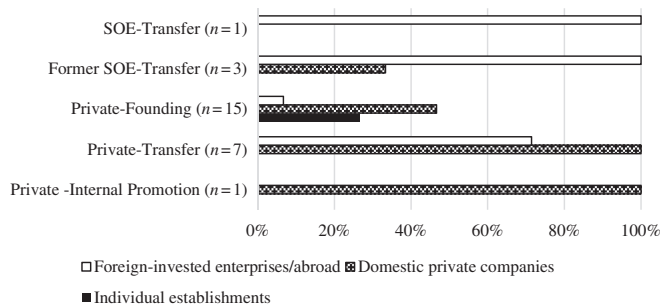
Figure 3, which shows the experience of 27 private-origin leaders, indicates a striking contrast between founding leaders, who comprise roughly half of all private-origin leaders, and transferring leaders, including those in former SOEs and private companies. The majority of the founding leaders either did not have any prior experience before establishing their own business or worked in the domestic private sector, including private companies and individual establishments. Three had run individual businesses or factories in the 1980s or early 1990s before formally establishing private companies. By contrast, transferring leaders by definition had experience prior to working for the current companies. What is particularly striking is that their experience concentrated overwhelmingly on working for FIEs or abroad. In fact, all of the four SOE and former-SOE leaders and five out of seven private company leaders of private origin had this type of experience.

### C. *Global Exposure*

While the analysis in Subsection V.B found a very high incidence of leaders who had worked for FIEs or abroad among a subgroup of private-origin leaders, it is possible that state-origin leaders also had this type of experience in addition to state-sector experience. Taking into account that the corporate sector in



Fig 3. Prior Experience of Private-Origin Leaders by Company Ownership and Types of Career Pathway



Source: The author's database.

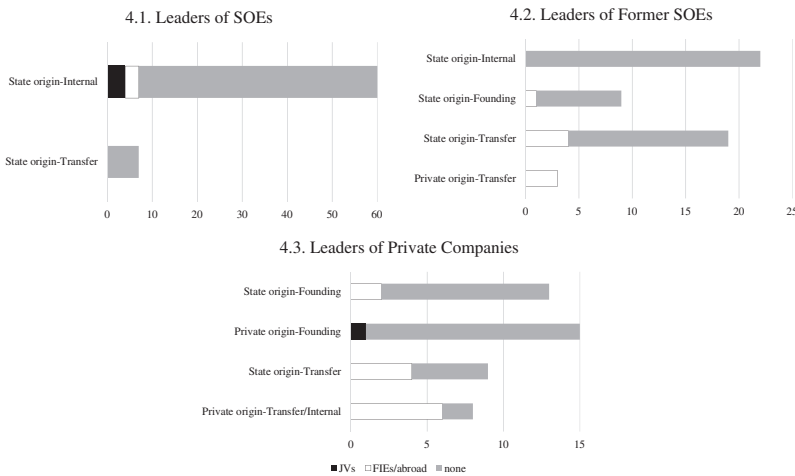
Note: Each bar shows the percentage of leaders who had the respective type of experience in the total number of leaders ( $n$ ) in the respective category. A leader may have had single or multiple types of experience, or none at all.

Vietnam is heavily influenced by globalization, it is worth conducting a more detailed analysis of the global exposure covering state-origin leaders in addition to private-origin ones.

The global exposure of leaders is classified into the following categories: (1) those who worked for joint venture companies in Vietnam, the majority of which were joint ventures between SOEs and foreign companies; (2) those who worked for wholly foreign-invested companies in Vietnam or worked or studied in capitalist countries after the start of *doi moi*; and (3) leaders who had neither of the preceding experiences. These categories are more comprehensive and detailed than those used in the analysis of private-origin leaders above because, firstly, they include study abroad in addition to work experience and, secondly, they explicitly distinguish joint ventures with SOEs from other types of FIEs.

Figure 4 shows the results according to company ownership, leaders' origins, and types of career pathways. What is most striking is emerging patterns distinct across the three types of career pathways; that is, internal promotion, founding leaders, and transfer, yet leaders following a given type of career pathway share broad similarities which to a certain extent overrides differences in company ownership as well as leaders' origins. The incidence of global exposure was low among internally promoted and founding leaders regardless of company ownership and leaders' origin. With respect to SOE leaders, such cases are limited primarily to experience in joint ventures between the respective SOEs or groups and foreign companies. By contrast, the incidence of global exposure was found to be higher for transferring leaders. The only exception is SOEs, in which none of the transferring leaders had global exposure. This may be because SOEs,

Fig 4. Global Exposure of Leaders (unit: no. of leaders)



Source: The author’s database.

Note: “JVs” denotes joint ventures between Vietnamese companies and foreign companies in Vietnam. “FIEs/abroad” denotes work in wholly foreign-invested enterprises in Vietnam or in capitalist countries after the start of *doi moi*. “None” denotes that the leader had neither of the former two types of experience.

which operate primarily in regulated sectors, are faced with relatively limited competitive pressure and thus are less compelled to professionalize the management. In contrast, among leaders who transferred into private companies or former SOEs or were internally promoted in private companies,<sup>17</sup> there is a total of 17 leaders with global exposure. This is a significant number, equivalent to 44% of the total number of leaders in these categories and 10% of the total number of leaders in the whole sample.

## VI. ATTRIBUTES

This section continues to examine the under-explored features of corporate leaders in Vietnam, focusing on leaders’ attributes. The key issue will be whether

<sup>17</sup> With respect to one rare case of internally promoted general director of a private company (Figure 3), career pathways and personal attributes exhibited typical features of leaders with global exposure discussed in this subsection and Section VI. This seems to be because, unlike the cases of SOEs, internal promotion of qualified individuals, along with recruitment of external talent, is likely to be a means used by founding chairmen of private companies to professionalize management. This is why this particular case is categorized together with transferring leaders in the analysis of global exposure.

leaders following different career pathways, discussed in the previous section, also differ with respect to their personal, educational, and career attributes.

Table 5 shows the results. While leaders are categorized by the types of career pathways discussed in Subsection V.A, the “transferring” leaders’ category is subdivided into a group of leaders with global exposure<sup>18</sup> (“transfer-global”) and a group of leaders without global exposure (“transfer-other”), reflecting the analysis in Subsection V.C. Overall, state-origin leaders tend to be older and better educated than private-origin ones. Nevertheless, subgroups of state-origin and private-origin leaders classified by career pathways seem to exhibit different attributes. In fact, leaders following certain types of career pathways, notably those categorized under “founding” and “transfer-global” types, seem to share broadly common attributes, which to a certain extent override differences in the leaders’ origins (i.e., whether they originate from the state or private sector).

Among state-origin leaders, internally promoted leaders constitute the largest subgroup. The majority of SOE leaders and nearly half of former-SOE leaders fall under this category. These leaders are, on average, slightly over the age of 50, with a relatively low standard deviation, although former-SOE leaders promoted internally within firms are somewhat older. Leaders in this subgroup tend to have a university education background and spent a high proportion of their careers within single business entities (i.e., SOEs, GCs, or SEGs). Leaders promoted within groups, in particular, were posted to leadership posts and their current positions in the 2010s—which is more recent than other types of leaders. This suggests frequent turnover of these leaders. The overall picture is that, despite the high turnover, this category of leaders continues to be a highly homogeneous group ingrained in the state system.

State-origin leaders also include smaller subgroups such as founding and transferring leaders. These two types of leaders on average obtained education above university level, and the level is particularly high for the “transfer-global” category. Recalling the analysis in Subsection V.B, state-origin leaders following these two types of pathways are similar in that both have broader state-sector experience outside of their current companies than internally promoted leaders, including government, party, military, or studying or working abroad under the centrally planned system. Nevertheless, the analysis of attributes reveals crucial differences between founding and transferring leaders. First, founding leaders are older and “transfer-global” leaders are younger compared to the overall average for state-origin leaders. Second, founding leaders have been in leadership for extended periods since the 1990s, whereas transferring leaders were posted to leadership positions more recently, in the 2000s.

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<sup>18</sup> With respect to private-origin leaders, this category of leaders is grouped together with one rare case of internally promoted leader. See footnote 17 for explanation.

TABLE 5  
Personal and Career Attributes of Leaders

	Number of Sample			Average Age		
	SOE	FSOE	Private	SOE	FSOE	Private
State-sector origin	67	50	22	50.9 (6.3)	56.0 (9.5)	51.0 (7.1)
Internal-Firm	27	19	0	50.4 (6.1)	56.7 (8.3)	-
Internal-Group	33	3	0	51.5 (6.0)	52.0 (2.4)	-
Founding	0	9	13	-	57.9 (3.3)	52.6 (5.2)
Transfer-Global	0	4	4	-	49.3 (11.6)	45.5 (5.4)
Transfer-Other	7	15	5	50.4 (7.6)	56.7 (12.4)	51.4 (9.8)
Private-sector origin	1	3	23	53.0 (0.0)	42.7 (5.3)	48.9 (7.6)
Founding	0	0	15	-	-	50.4 (6.9)
Transfer/Internal-Global	0	3	6	-	42.7 (5.3)	46.7 (9.2)
Transfer-Other	1	0	2	53.0 (0.0)	-	44.5 (1.5)

	Average Level of Education			Average Year Posted to the Leadership Position		
	SOE	FSOE	Private	SOE	FSOE	Private
State-sector origin	2.6 (0.7)	2.5 (0.7)	2.4 (0.8)	2008.5 (6.1)	2001.3 (9.4)	2002.2 (8.5)
Internal-Firm	2.6 (0.6)	2.4 (0.7)	-	2006.0 (5.6)	2000.2 (8.0)	-
Internal-Group	2.5 (0.7)	2.7 (0.5)	-	2010.4 (5.8)	2010.0 (1.4)	-
Founding	-	2.3 (0.9)	2.3 (0.6)	-	1993.8 (5.4)	1996.8 (5.7)
Transfer-Global	-	3.3 (0.4)	3.3 (0.4)	-	2010.0 (3.4)	2010.5 (3.8)
Transfer-Other	3.1 (0.6)	2.4 (0.6)	1.8 (0.7)	2008.3 (5.5)	2003.5 (10.8)	2009.8 (5.6)
Private-sector origin	2.0 (0.0)	2.7 (0.5)	2.2 (0.9)	2001.0 (0.0)	2011.3 (2.4)	2003.4 (8.8)
Founding	-	-	1.9 (0.6)	-	-	1998.9 (7.6)
Transfer/Internal-Global	-	2.7 (0.5)	3.2 (0.7)	-	2011.3 (2.4)	2011.3 (4.7)
Transfer-Other	2.0 (0.0)	-	1.5 (0.5)	2001.0 (0.0)	-	2010.5 (1.5)

	Average Year Posted to the Current Position			Average Ratio of Years Spent in the Current Company		
	SOE	FSOE	Private	SOE	FSOE	Private
State-sector origin	2012.1 (4.3)	2008.3 (7.0)	2009.0 (6.1)	0.83 (0.22)	0.67 (0.30)	0.50 (0.22)
Internal-Firm	2011.9 (2.9)	2007.9 (7.0)	-	0.95 (0.05)	0.94 (0.07)	-

TABLE 5 (continued)

	Average Year Posted to the Current Position			Average Ratio of Years Spent in the Current Company		
	SOE	FSOE	Private	SOE	FSOE	Private
Internal-Group	2012.0 (5.2)	2014.0 (1.4)	-	0.84 (0.18)	0.90 (0.03)	-
Founding	-	2004.7 (8.4)	2006.2 (5.9)	-	0.65 (0.12)	0.63 (0.10)
Transfer-Global	-	2012.0 (1.9)	2012.8 (4.0)	-	0.30 (0.21)	0.22 (0.16)
Transfer-Other	2014.3 (0.5)	2009.1 (6.2)	2013.4 (2.9)	0.37 (0.24)	0.39 (0.22)	0.36 (0.20)
Private-sector origin	2004.0 (0.0)	2014.3 (0.9)	2006.6 (6.9)	0.48 (0.00)	0.24 (0.11)	0.53 (0.28)
Founding	-	-	2003.4 (5.9)	-	-	0.66 (0.18)
Transfer/Internal-Global	-	2014.3 (0.9)	2014.6 (1.5)	-	0.24 (0.11)	0.32 (0.33)
Transfer-Other	2004.0 (0.0)	-	2011.0 (1.0)	0.48 (0.00)	-	0.22 (0.03)

Source: The author's database.

Notes: 1. The level of education is scaled as follows: 1 = graduated from high school; 2 = bachelor's degree; 3 = master's degree; and 4 = doctoral degree.

2. Leadership position includes deputy general director, general director, and member of the management board (including chairman and vice chairman).

3. The average ratio of years spent in the current companies is calculated by dividing the number of years that the respective leader served in the current companies by the number of years since he or she graduated from school.

4. "FSOE" refers to former SOE.

5. Standard deviations are in parentheses.

Although private-origin leaders are much smaller in number, they are not a homogeneous group either. The largest subgroup is founding leaders, who are mostly chairmen, followed by transferring leaders, who comprise the largest group among general directors (Table 4). Notably, the attributes of leaders of these two types are strikingly similar to those of state-origin leaders following the corresponding career pathways, discussed above. In other words, founding and transferring leaders have broadly similar attributes regardless of whether they are state- or private-origin. To reiterate, founding leaders, whether state- or private-origin are, on average, older and have been in power for extended periods, although private-origin founding leaders had lower educational attainment than state-origin leaders of the same category. In fact, founding leaders of private origin are the only sufficiently large subgroup in the whole sample with an average level of education below university. Among transferring leaders of both state and private origin, those having global exposure constitute a prominent group. As Table 5 shows, they are young, have remarkably high levels of education, and were posted to the leadership later than most other types of leaders. Table 6

TABLE 6  
Profiles of Leaders with Global Exposure

Educational Attainment (degree obtained; country in parenthesis)	Experience in FIEs/ Abroad	Area of Specialization
Private-Origin Leaders		
1. Bachelor of law (Vietnam); MBA (Netherlands)	-	Law
2. Bachelor of Pharmacy (Vietnam); Master of Business Management (Belgium)	Rep. offices of foreign companies in Vietnam	Pharmaceuticals and marketing
3. Master Business Management (Vietnam)	FIE	-
4. PhD Economics (Vietnam)	FIE	-
5. Bachelor of Financial Management (Vietnam)	FIE	-
6. Bachelor (Vietnam)	FIE	-
7. MBA (Joint program of a Vietnamese univ. with a Belgian univ.)	FIE	Accounting
8. PhD in Law (France)	Foreign NGO	Law
9. PhD in Management (Switzerland)	FIE, abroad	-
State-Origin Leaders		
1. MBA (US)	-	-
2. Master in Economics (Sweden)	US	Accounting
3. LLM (Japan)	-	Business law/ finance
4. Master (Vietnam)	FIE	Accounting
5. MA Development economics (Vietnam)	International org. (overseas)	Banking
6. PhD Management (Vietnam)	FIE	Accounting/ marketing
7. PhD Finance (Soviet Union); diploma (UK)	-	Finance/banking
8. Master of Public Policy (Japan)	-	-

Source: The author's database.

shows further details of these transferring leaders with global exposure. Many had completed postgraduate degrees at universities overseas and had work experience outside of their current companies, typically as professionals in fields such as banking, accounting, and marketing in foreign-invested companies in Vietnam or abroad. This is likely explained by the increasing demand faced by Vietnamese companies to professionalize board and management in accordance with the internationally accepted corporate governance standards (Trang 2018; World Bank 2006).

## VII. DISCUSSION AND CONCLUSION

This study is an initial attempt to empirically analyze a systematically selected, sizeable sample of top leaders in Vietnam's largest enterprises covering the



2010s, the period characterized by the new wave of SOE restructuring and the rise of large private business groups. The findings of the career history analysis of an originally constructed database of top leaders of the 100 largest listed firms can be summarized as follows. First, more than three decades after the start of Vietnam's market-oriented transition, alongside leaders originating from the state sector, a sizeable new group of leaders without state-sector experience has emerged. In sharp contrast to the extant literature which argues that capitalists originated from within the state sector, private-origin leaders comprised approximately half of the top leaders of the largest private listed firms by the 2010s. Second, while internal promotion and becoming owner-founders turned out to be the main pathways for SOE and private company leaders—as expected, there is a substantial group of individuals who had transferred into top leadership posts. Notably, nearly half of such leaders in former SOEs and private companies are highly qualified professionals with global exposure, which is consistent with the increasing globalization of the Vietnamese economy. Third, leaders following different career pathways differ not only in terms of the types of experience but also key attributes such as age groups, educational levels, and tenure, all of which influence the leaders' capacity to rise and stay in power.

These findings have crucial implications for understanding the drivers of social stratification in Vietnam. First, the comparison of state-origin leaders following different career pathways highlights two different forces driving individuals with state-sector experience to rise as top leaders of large businesses. On the one hand, internally promoted leaders comprise the overwhelming majority of SOE leaders and nearly half of former-SOE leaders. The continued dominance of leaders highly ingrained in the state system, despite frequent leadership turnover, suggests that this pathway is reinforced by the persistent majority state ownership of large state-owned conglomerates and the dominant roles that they play in the Vietnamese economy. On the other hand, the analysis identifies other breeds of state-origin leaders—namely, those belonging to the “founding” or “transferring” categories—who differ fundamentally from those in the internally promoted category. Given the prevalence of such leaders among former SOEs and private enterprises, it is likely that this pathway has little to do with state ownership. Instead, political connections developed via diverse forms of state-sector experience, beyond business-based experience in SOEs or experience in supervisory organizations, are likely to have been valuable for maneuvering in the Vietnamese business environment (Gainsborough 2003). Crucially, unlike the case of internally promoted leaders discussed above, advantages held by this group of leaders are likely to persist even after the state divests capital from SOEs, in accordance with the Vietnamese government's plan.

Second, our analysis also points to tensions between distinctive subgroups of leaders of private companies and former SOEs. On the one hand, a group of

individuals emerged as founding chairmen and stayed in power for extended periods. In particular, most private company chairmen, despite coming from modest backgrounds—without a university degree or state-sector experience—to start their own household businesses, as this study has found, control the companies as major shareholders (Fujita 2018). On the other hand, the study identifies a group of young and highly qualified professionals with extensive global exposure who had transferred into private companies and former SOEs as general directors as these companies faced increasing pressure to professionalize management in the context of globalization. The emerging corporate structure may suggest tension between owners of capital and employed professional managers observed across capitalist economies.

Apart from the empirical contribution discussed above, this study contributes more generally to the literature on the corporate elite in transitional economies. The analysis demonstrates the need to go beyond origins and focus instead on career pathways. Decades of transition gave rise to new routes for different types of individuals, not just former cadres, to rise as corporate leaders. The analysis of the Vietnamese case shows how the focus on career pathways, rather than the leaders' origins, helps to shed light on the growing heterogeneity of the types of experience and their attributes, both of which influence individuals' capacity to rise and stay in power. This analysis provides important insights into the emerging patterns and drivers of social stratification, which cannot be attained simply by analyzing whether the leaders are state- or private-origin.

Methodologically, this study demonstrates the value of the career history analysis approach. By adopting the dominant approach (i.e., to use readily available survey data), the analysis inevitably focuses on a limited number of variables on the leaders' political affiliations. The career history analysis, by contrast, enables researchers to analyze the diversity of leaders' political and nonpolitical background, which have crucial implications for social stratification. This approach also opens up the possibility for incorporating countries that might offer crucial insights yet had been dismissed due to the lack of survey data.

There are limitations to this study, which suggest areas for further research. By focusing on leaders' career histories, this study neglects other potentially important aspects of their political origins. The most obvious is Communist Party membership, which could not be analyzed owing to a lack of data. Although private entrepreneurs started to be admitted to the Communist Party of Vietnam on a pilot basis only recently, a future analysis would be worthwhile. The study did not involve examining the political connections of leaders' family members, used by Webster and Taussig (1999) in constructing the index for political connections of entrepreneurs in Vietnam. Examining these and other variables that this study did not capture may help to answer the question of how individuals without high educational credentials or state-sector experience could rise as founding

chairmen of major private corporations—for which this study has not provided clear explanations.

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