




25th Annual Global CEO Survey - Vietnam Report



Reimagining the outcomes that matter

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Foreword

Discovering the path to growth



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As the global economy continues to recoup following the impact of COVID-19, Asia Pacific is projected to remain the fastest growing region in the world, led by China and India. Yet amidst optimism still lies various challenges ahead for the region, such as supply chain disruptions and economic volatility.

The [25th edition of our flagship Annual Global CEO Survey](#) sheds light on what almost 4,500 CEOs worldwide, including 1,618 CEOs in Asia Pacific, are thinking of their growth prospects and emerging issues as they take on 2022. This report is an extract from the [25th Annual Global CEO Survey - Asia Pacific](#), tailored to include information relevant to the Vietnam market.

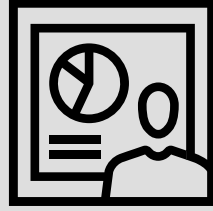
Over the course of 25 years, our survey has explored the revolutions and transformations that global CEOs have gone through. The challenges posed by COVID-19 and associated disruptions remain as strenuous as ever. Have priorities changed for business leaders since the outbreak? And how are they reframing their growth ambitions in a post-pandemic environment? In the face of pressing matters of sustainable growth and trust, there is an imperative for business leaders to take decisive actions and come together to unite us as global citizens and problem solvers.

About the survey



25th

edition of our
flagship Annual
CEO Survey



4,446

global CEOs



89

countries &
territories
worldwide & **17**
in Asia Pacific



1,618

CEOs from Asia
Pacific region



Read PwC's 25th
Annual Global
CEO Survey –
Asia Pacific



Key findings: Reimagining the outcomes that matter in Asia Pacific

Near-term optimism

76%

CEOs in the region expect global economic growth to improve in 2022.

Additionally, almost all CEOs in Asia Pacific report high levels of confidence about their own prospects for revenue growth over the next 12 months, except for CEOs in Japan.

Health remains a top threat to growth

58%

of Asia Pacific CEOs rank health risks as their top priority to address, followed by cyber risk (44%) and macroeconomic volatility (43%) as second and third priority threats respectively.

Net Zero gains traction

60%

of companies in the region have made, or are progressing towards, a net-zero and/or carbon-neutral (69%) commitment.

Many businesses in Asia Pacific are outpacing (by 9-13%) their global peers on the scale and depth of their climate commitments.

Opportunities for non-financial outcomes

19%

of Asia Pacific CEOs have targets related to GHG emissions, gender representation or racial and ethnic diversity in their annual bonus/long-term incentive plan.

| What matters to Vietnam?

Near-term optimism with economic prospects

Vietnam real GDP growth in 2021 slowed to [2.58%](#) due to the impact of the 4th wave of the pandemic. However, according to the forecast by the [IMF](#), the country will bounce back strongly in 2022 and become the fastest-growing ASEAN economy, at 6.6%, following by Philippines (6.3%) and Malaysia (6%).

Based on figures of 2021, the country is also on track to recover from COVID-19 in terms of total export value with [19%](#) growth. Given the latest [Regional Comprehensive Economic Partnership \(RCEP\)](#) that came into effect on 1 January 2022, the trading relations with global markets will continue to be on an upward curve.

Vietnam will also remain an attractive investment destination. According to the [Foreign Investment Agency \(FIA\)](#), the country still recorded a total new, adjusted capital and share purchases by foreign investors reached 31.15 billion USD as of December 20, up 9.2% annually.

Additionally, Vietnamese businesses are also identifying the right target markets and building their brand presence overseas. In 2021, it was a great growth in overseas investment by Vietnamese companies into the US, totaling 300 million USD. Iconic example is **Vinfast**, an automotive manufacturer, has opened branches in North [America and Europe](#) and has plans for an [IPO](#) in the US. Another example is FPT software, part of the FPT conglomerate, is also expanding its US operations with an investment in [Intertec International](#).

“The shared feeling of optimism by regional CEOs is well-founded in Vietnam as the nation continues to show great strength and resilience. The multitude of FTAs, trade relations with major markets and FDI opportunities will be pivotal to Vietnam’s economy as we adjust to the new normal. The Government’s target GDP growth of 6% - 6.5% is obtainable, and will be so only with joint effort from regulatory bodies and the business community to secure sustainable growth.”

Nguyen Luong Hien
Partner, Deals Strategy
PwC Vietnam

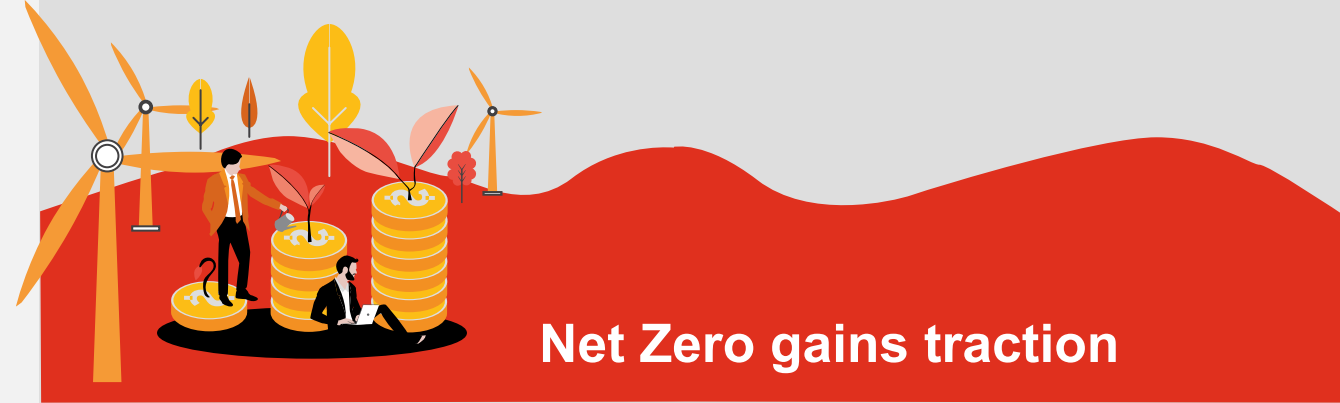
| What matters to Vietnam?

Threats to the top line with health the priority

Similar to most of the countries in the Asia Pacific region, the Delta variant surged in Vietnam in April 2021 and became the most challenging wave to date. Although the speedy vaccine rollouts enabled the nation's economic recovery, the Omicron variant of concern in late November still remains a key concern in Vietnam, as well as in the region. Nevertheless, the country is determined to shift from 'zero COVID' to 'living with COVID' mode. The government issued [Resolution 128](#) as a first step to live safely with the new normal situation, followed by gradually opening the borders.

Cyber risks could be another key area of concern to watch out for in Vietnam in 2022. According to the Vietnam National Cyber Security Centre ([NCSC](#)), Vietnam has seen an increase in cyber attacks by 45% in the first half of 2021 alone. As Vietnam's digital economy is forecast to hit [USD 57 billion](#) by 2025, businesses will face an increase in more sophisticated cyber threats and attacks.

There are concerns and pressure on inflation in 2022 owing to global price pressures from supply chains and commodities prices. Vietnam together with Indonesia's 2022 inflation will accelerate the most in Asia, according to [Bloomberg](#). However, the country is expected to remain under control with a rate under 4% as the country's [target](#).



Net Zero gains traction

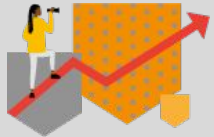
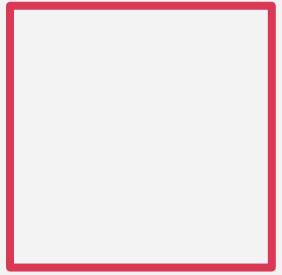
2021 United Nations Climate Change Conference weeks, also known as COP26 is a milestone in the global effort to solve the climate crisis. Vietnam has also made a stronger commitment to tackle climate change.

Some first steps in converting pledges into actions including regulation on [Environment Protection](#), legalise the establishment of carbon pricing in the form of an Emission Trading Scheme for greenhouse gases. A carbon tax could also be developed under the overall framework provided by this law. In addition, greater cooperation between Vietnam and other international parties was established. Vietnam is part of the '[Energy Transition Mechanism](#)' - powered by the Asian Development Bank to further phase out fossil fuel energy.

This is a golden opportunity for businesses to shift toward green growth. Businesses making early commitments will enjoy a first mover advantage, positioning themselves favourably with changing consumer attitudes, new technologies and new markets. It has been started to see more green projects coming up from both foreign investors and local businesses in Vietnam. Most recent examples are that [VinFast](#) is one of the world's first automotive companies to switch completely to pure electric and Denmark's [Lego](#) Group has signed a MOU to build a USD1 billion carbon-neutral factory in Vietnam.

Way forward

Priorities for the CEO



1. Redefining the balance of short and long term profitable growth

CEOs in Asia Pacific are optimistic about near term economic forecasts - but they are anxious about how to capture value from this in the near term in terms of operating profitability.

The right balance of tactical and strategic focus is required.

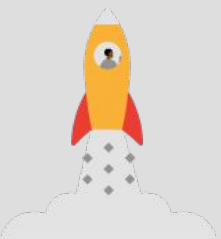
This includes for example exploring adjacent, easy to access markets within the region through incremental changes to products and services, re-aligning shorter term cost to longer term value ensuring investment capacity to grow outside Asia Pacific.



2. Recalibrating skills

Our survey results point to capability-building priorities related to cybersecurity, the cultivation of trust, and the measurement and management of decarbonisation.

When leaders are stretching to reimagine their organisations' place in the world and juggling an ever broader array of competing priorities, growth mindsets, empathy and a willingness to embrace debate and dissent become more important than ever.



3. Resetting the conversation

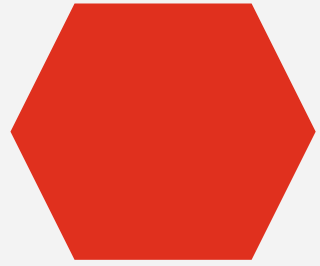
Boards should be talking with their CEOs, and CEOs with their top teams, about their collective “inbox” problem.

Enthusiasm about ESG (Environment, Society, Governance) won't make near-term financial demands go away.

Indeed, framing trade offs realistically may be the only way to bring investors along and create a realistic strategic agenda, as opposed to a wish list, in a world of scarce time, attention, and corporate resources.

Way forward

Priorities for the CEO



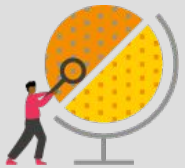
4. Reappraising succession

The leadership capacity needed to master today's tenuous tradeoffs is likely to come in all shapes and sizes, with external hires and emerging leaders from diverse talent pools critical to rounding out skill sets and resetting the conversation. Succession planning is an area where leaders and boards can challenge themselves immediately to start creating the future to which they aspire.



5. Rethinking incentives

The strong association between incentives, net-zero commitments, and other non-financial outcomes suggests it's time for boards and management teams to take a hard look at the fit between the full set of priorities they want their people to drive, the performance management systems they have in place, and the reporting they do against them.



6. Reimagining collaboration

Tackling society's most pressing challenges won't be an individual sport. It calls for an unprecedented level of cooperation among business leaders, government officials and policymakers, investors, and non-governmental organisations (NGOs) - this is particularly important to maintain momentum in Asia Pacific's trajectory as they respond to Code Red to go Green. Each collaborator brings critical tools to the table, and can support and enhance one another's capabilities.



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