EXECUTIVE INSIGHT
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Vietnam's Window Is Open. It Will Not Stay Open Forever.

Why the next phase of growth requires stronger, more substantial and internationally competitive Vietnamese companies

WHY NOW

An Opportunity Is Not Yet an Advantage

Vietnam may be entering one of the most consequential economic windows of its recent development. Global supply chains are being reconsidered, investment patterns are shifting, technology is redrawing competitive boundaries, and geopolitical considerations increasingly influence where companies manufacture, source, invest and build capabilities.

Vietnam is well positioned within these changes. But that creates a strategic opportunity, not a guaranteed outcome.

The forces opening this window do not automatically determine who will capture its long-term value. More investment, production, exports and international integration can strengthen an economy considerably. Yet they do not necessarily produce a domestic corporate sector capable of retaining an increasing share of the capabilities, decision-making power and value creation associated with that activity.

This distinction matters because the next phase of Vietnam's development cannot be measured only by how much economic activity takes place inside the country. It must increasingly be measured by what Vietnamese companies themselves become capable of doing.

The critical question is therefore changing. It is no longer only how Vietnam can attract the next wave of international investment. It is also how the country can use this period to develop more Vietnamese enterprises that are resilient, productive, well governed, adequately capitalised, technologically capable and able to compete beyond their home market.

That transformation takes time. And the strategic conditions creating today's opportunity may change faster than those capabilities can be built.

MANAGEMENT IMPLICATION

The strategic task is no longer only to attract opportunity into Vietnam. It is to convert opportunity into lasting domestic corporate capability while the conditions for doing so remain favourable.

Dr. David Sven | Legal Representative and CEO, VIET Transformation Advisors Co., Ltd.

THE CONVERSION MECHANISM

The Window Can Open Faster Than Capabilities Can Be Built

Economic opportunities can emerge quickly. Changes in geopolitical priorities, supply-chain strategies, technology or relative costs can alter investment decisions within a few years. Production capacity can move, new suppliers can enter global networks and capital can find new destinations.

Building substantial companies follows a different clock. Management capability cannot be acquired simply because demand increases. Governance cannot be institutionalised overnight. Technology absorption requires people, processes and investment. International distribution networks take years to develop. Brands require credibility. M&A capability develops through experience. Capital providers require transparency and confidence.

> **Opportunity can arrive quickly. Corporate capability compounds slowly.**

International investment and deeper participation in global value chains can provide an extraordinary development platform. But there is a conversion step between receiving those benefits and turning them into enduring domestic competitive strength.

The window creates activity. Domestic capability determines how much of that activity becomes structural advantage.

The empirical challenge behind this conversion is substantial. Foreign firms account for 73% of Vietnam's exports, while local business participation in global supply chains fell from 35% in 2009 to 18% in 2023. The World Bank concludes that Vietnam captures only a fraction of the value embedded in the goods it exports.[1]

These patterns do not diminish the contribution of FDI to Vietnam's development. They show why the next stage must increasingly connect international integration with domestic capability formation.

KEY INSIGHT

A country does not secure the full value of an economic window by attracting activity alone. It secures it by converting that activity into capabilities that remain.

CORPORATE SUBSTANCE

Vietnam Needs More Substantial Enterprises

The debate about enterprise development is often framed around size. That is useful for statistics, but insufficient for strategy. Vietnam does not simply need larger companies. It needs more substantial enterprises.

A substantial enterprise is not defined here by an arbitrary threshold for revenue, assets or employees. It is defined by whether the company possesses sufficient economic and organisational substance to carry several demanding capabilities simultaneously.

SUBSTANTIAL ENTERPRISE

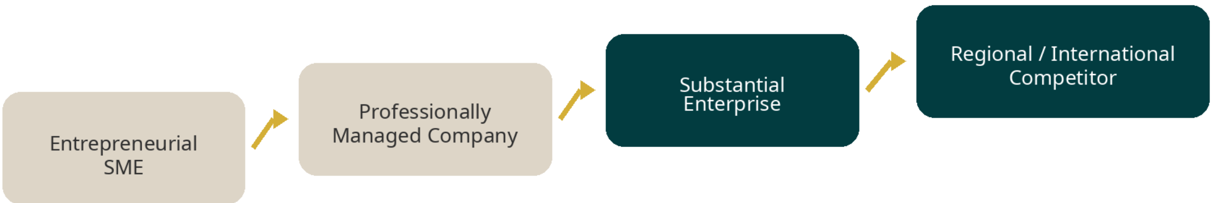
Economic strength + Governance + Management depth + Capital + Technology + Resilience + International reach + Absorptive capacity + Strategic renewal

It can invest while financing operations. It can attract professional management and build leadership depth beyond a founder-centred team. It can institutionalise governance as complexity increases. It can absorb technology, withstand external shocks, finance expansion and develop markets outside Vietnam.

But substance goes further. The company must be capable of recognising relevant knowledge beyond its existing boundaries, absorbing it, combining it with what it already knows and converting that learning into renewed competitive advantage.

Size is not substance. But substance frequently requires scale.

Scale itself is therefore not the objective. A poorly managed company does not become competitive merely by becoming larger. Scale can magnify weaknesses just as easily as strengths. The objective is capability-led scale: sufficient scale to support greater substance.



Economic strength | Governance | Management depth | Capital | Technology | Resilience | International reach

This is not an argument against SMEs. A healthy corporate economy needs entrepreneurial formation, specialised smaller businesses and larger institutions. The strategic question is whether credible pathways exist between them.

POLICY DIRECTION AND THE CAPABILITY GAP

From Policy Direction to Corporate Substance

Vietnam is not starting from a blank policy page. Resolution 68 has elevated private-sector development to a national strategic priority. It recognises limitations in the scale and competitiveness of the private sector and sets targets including 2 million operational enterprises and at least 20 large enterprises participating in global value chains by 2030.[2]

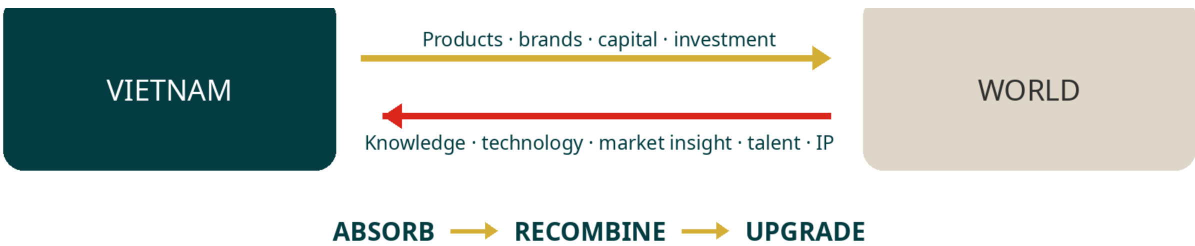
Subsequent initiatives have begun to make this direction more concrete. A 2026-2030 program targets 1,000 pioneering private enterprises with high labour productivity, strong technological capability and regional and international competitiveness; participating firms are expected to allocate on average at least 3% of revenue to R&D.[3] A separate global-market program supports international investment, M&A, research, design, production, distribution and international brand building.[4]

This is an important shift. But setting the direction is not the same as defining the corporate capabilities required to reach the destination.

Participation in a global value chain is not in itself a measure of strategic strength. A company can operate internationally while remaining dependent on technologies, customers, product architectures or market access controlled elsewhere. Similarly, exporting more does not necessarily mean controlling more of the value created.

> **The more demanding question is not simply how many Vietnamese companies become larger or internationally active. It is what they become capable of doing as they grow.**

A substantial enterprise must increasingly be able not only to take Vietnamese products and capabilities into international markets, but also to bring knowledge back. It must identify technologies, customer needs, business models, talent, intellectual property and competitive developments outside Vietnam; absorb what is relevant; combine it with existing capabilities; and translate that learning into renewed products, processes, technologies and value-chain positions.



> **A substantial enterprise is not simply large enough to operate internationally. It is capable of learning internationally and converting that learning into renewed competitive advantage.**

THE SCALING PATHWAY

The Critical Transition Is From Successful SME to Substantial Enterprise

Entrepreneurship creates companies. Development must also allow successful companies to outgrow their original form. The relevant progression is: Entrepreneurial SME > Professionally Managed Company > Substantial Enterprise > Regional or International Competitor.

Not every company should follow this path. Most will not need to. Many excellent businesses can remain specialised, focused and relatively small. But the pathway must be viable for those with the economics, ambition and capabilities to pursue it.

The question therefore extends beyond whether SMEs can obtain finance or whether entrepreneurship is encouraged: Can a successful Vietnamese company systematically acquire the capital, governance, management capability, technology and market access required to become substantially stronger?

At some point, scaling changes the organisation itself. Founder-centred decision-making may need to become institutional management. Informal controls must become reliable systems. Financing designed around operations may need to develop into longer-term capital structures. Talent requirements change. Technology becomes strategic. Market development extends beyond domestic relationships.

The organisational model that created success at one stage can therefore become the constraint on the next. Vietnam does not need every SME to become large. It needs an economic architecture in which its strongest companies are able to become substantial.

Organic Growth Alone May Not Be Fast Enough

If favourable external conditions can change faster than corporate capability can be accumulated, relying exclusively on organic growth may not always be sufficient. Where industries are fragmented, technology requirements rise or international competitors possess substantially greater scale, consolidation, M&A, strategic partnerships and external capital may become economically rational.

None is inherently beneficial. A merger between weak businesses does not create a strong one. External capital without governance can accelerate poor decisions. Acquisitions without integration capability can destroy value.

ECONOMIC TEST

Does the transaction create capabilities, market access, productivity, technology, resilience or capital efficiency that the company could not achieve as effectively on its own?

At some point, owners may face a choice between preserving the existing form of control and building the institutional capacity required for the company's next stage. Preserving control is legitimate. But it has an economic price when it prevents the company from accumulating the capital, management and organisational capability required to compete at the next level.

INTERNATIONAL COMPETITIVENESS AND EXECUTION

International Competitiveness Is the Test, Not International Presence

International expansion is not valuable merely because a company crosses a border. It consumes capital and management capacity and introduces regulatory, commercial and execution risk. Expansion undertaken before the economic core is strong can weaken rather than strengthen the company.

But for companies possessing genuine competitive advantages, internationalisation can do more than diversify revenue. It can become a mechanism for organisational learning.

A domestic supplier connected to global value chains through foreign manufacturers operating in Vietnam already participates internationally. A Vietnamese company that develops its own customers, distribution, intellectual property, brands, investments or operations abroad occupies a different strategic position. Even that, however, is not the final test.

The stronger test is whether international exposure changes the company itself. Does it acquire knowledge it did not previously possess? Does it translate customer insight from one market into products for others? Does foreign technology become internal capability? Do acquisitions add know-how rather than merely revenue? Can those capabilities subsequently be deployed elsewhere in the organisation?

> **Internationalisation creates strategic value when exposure becomes learning, learning becomes capability, and capability becomes renewed competitive advantage.**

Build the Scaling System While the Window Is Open

No single actor can create this transition. Vietnam has already made private-sector development a higher national priority. The implementation challenge is now to connect institutional reform, financing and corporate transformation strongly enough that capable companies can actually accumulate substance.

The institutional environment must enable productive scaling. The financial system must become better able to finance capability building and productive scaling alongside conventional working-capital and asset-backed lending. Owners, boards and management must make companies capable of absorbing opportunity.

CORPORATE SEQUENCE

Strengthen > Institutionalise > Scale > Fund > Internationalise > Learn > Renew

These are not independent initiatives. Each creates conditions for what follows, while international learning feeds back into the beginning of the cycle. A substantial enterprise does not simply become stronger once. It develops the capacity to renew itself repeatedly as markets, technologies and competitive conditions change.

CONCLUSION

Build What Must Remain

Vietnam cannot determine how long every element of today's strategic constellation will remain favourable. Nor does it need to predict exactly when supply chains, technology, geopolitical priorities or capital flows will change again.

It can determine what it builds while the current constellation creates opportunity.

The ultimate measure of this period will therefore not only be how much investment enters Vietnam or how rapidly production and exports expand. It will also be visible in the capabilities that remain within Vietnamese companies.

Are more of them productive, well governed and investable? Can they absorb technology and knowledge rather than merely access them? Can they shape their position within value chains rather than simply participate in them? Can international exposure repeatedly generate new products, capabilities and competitive positions?

If the answer increasingly becomes yes, today's window will have produced something more durable than a favourable investment cycle. It will have contributed to a stronger Vietnamese corporate sector capable not merely of participating in the next stage of Vietnam's development, but of helping to shape it.

Corporate capability compounds slowly. Management teams need experience. Institutions mature over time. International positions are built through repeated execution. Organisational learning compounds through repeated exposure and application. Waiting until external conditions become less favourable therefore means beginning the hardest part of the transformation precisely when strategic freedom is already narrowing.

> **The real test is not how many Vietnamese companies enter global value chains. It is how many develop the capability to shape their position within them, learn from markets beyond Vietnam, and continuously translate that learning into better technologies, products, business models and higher-value activities.**

FINAL TAKE-AWAY

Use the window to build what must remain after the window has closed.

The window may have been opened by forces outside Vietnam. What remains after it closes will depend on what Vietnam builds while it is open.

SELECTED EVIDENCE

[1] World Bank, Viet Nam 2045: Trading Up in a Changing World; World Bank, Viet Nam Economic Update, May 2026.
[2] Politburo Resolution No. 68-NQ/TW on development of the private economy, 4 May 2025.
[3] Decision No. 631/QD-TTg, Program to develop 1,000 pioneering enterprises, 2026-2030.
[4] Government program to expand Vietnamese businesses' global market outreach, 2026-2030.
[5] OECD Economic Surveys: Viet Nam 2025 - trade, GVC integration and financing structure.

VIET Transformation Advisors Co., Ltd. | contact@viet-ta.com | www.viet-ta.com