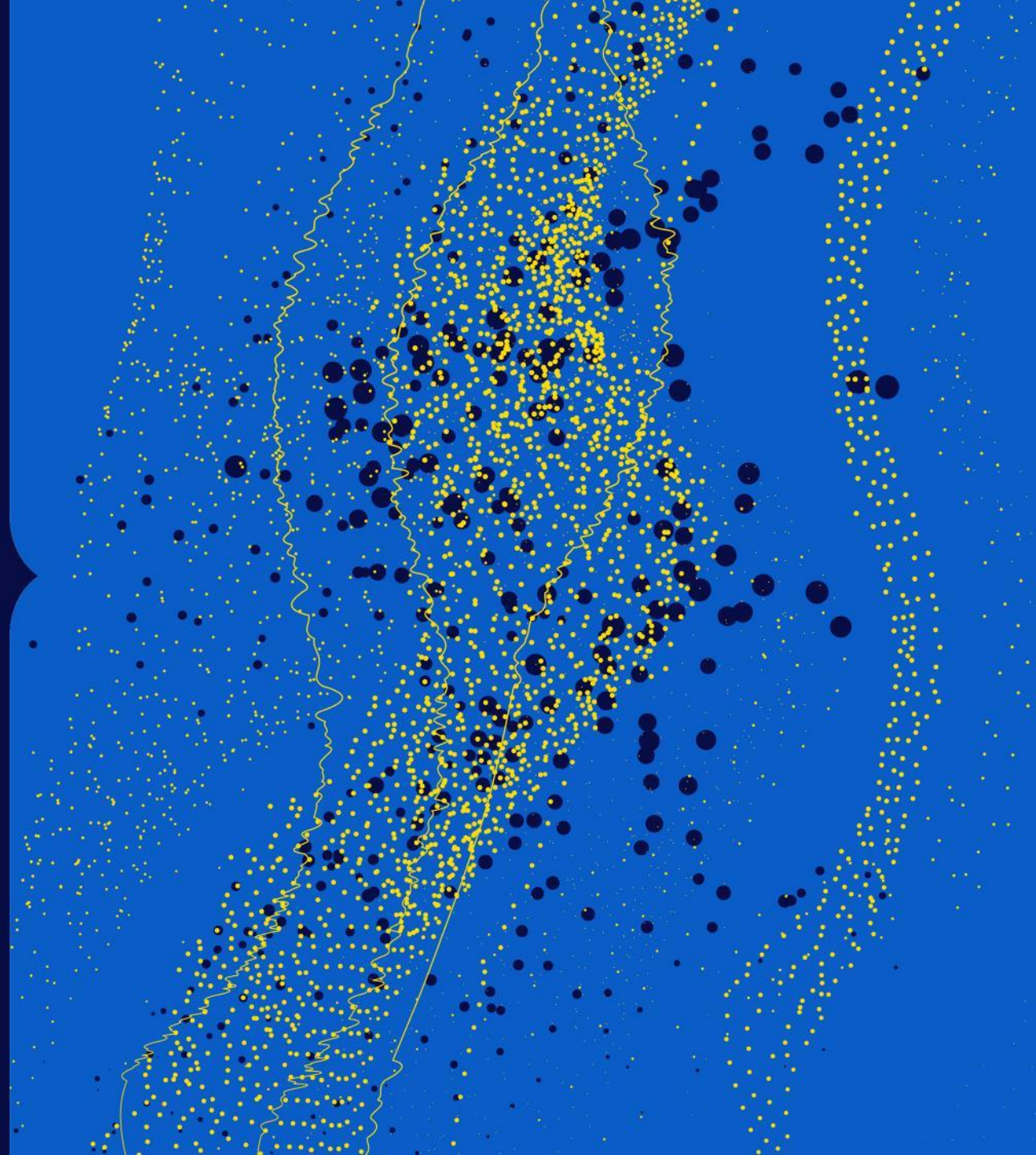


Vietnam Business Sentiment 2023



ASEAN Federation of Accountants



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Overview

CPA Australia and the ASEAN Federation of Accountant (AFA) partnered to conduct a survey on business sentiment in Vietnam. This report presents the results of this survey.

The survey was conducted from 13 July to 31 August. A total of 131 valid responses were received from accounting and finance professionals working in Vietnam.

Respondents came from a wide variety of industries, with education and training (36 per cent), professional and business services (28 per cent), financial services and manufacturing (7 per cent) comprising the largest share.

29 per cent of respondents worked in a company with 100 or more employees, 66 per cent worked in a company with less than 100 employees.

19 per cent of respondents held a C-suite or other senior level position. Managers/supervisors or assistant managers/senior associates made up another 42 per cent. 15 per cent held professional position, with the remaining 21 per cent holding positions of junior associates, sole proprietors or were self-employed.

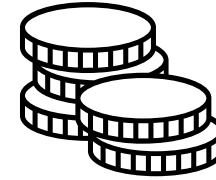
Key findings



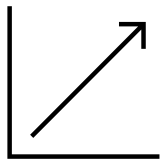
Most respondents expect their company's revenue to increase in 2023. A larger number expect their company's revenue to grow further in 2024



Inflation and cash flow difficulties were selected as the main challenge. Smaller businesses cited increasing competition as their biggest challenge.



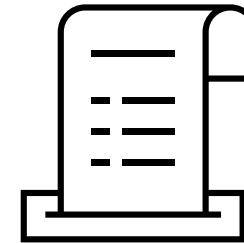
Borrowing costs are the costs of most concern to larger businesses. Staff costs are the biggest cost concerns for smaller businesses.



The top three focus areas for Vietnam's businesses in 2023 are improving business efficiency, improving customer satisfaction and innovation and technology



Improving key infrastructure, providing greater support for innovation and technology and expanding international economic and trade connections are considered key factors to improving Vietnam's international competitiveness



Many believe that free trade agreements such as the CPTPP and RCEP have a positive impact on their business



ECONOMIC SENTIMENT



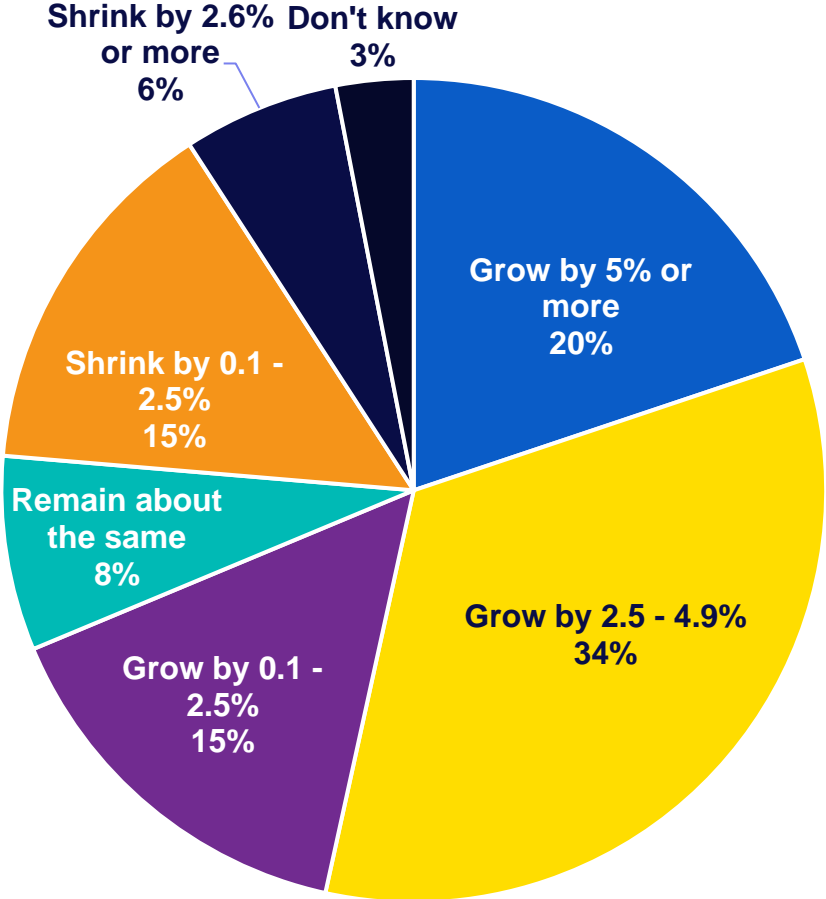
69 per cent of respondents expect Vietnam's GDP to grow or remain about the same in 2023

20%

Expect Vietnam's GDP to **grow** by 5% or more

8%

Expect Vietnam's GDP to **remain about the same**





BUSINESS TRENDS



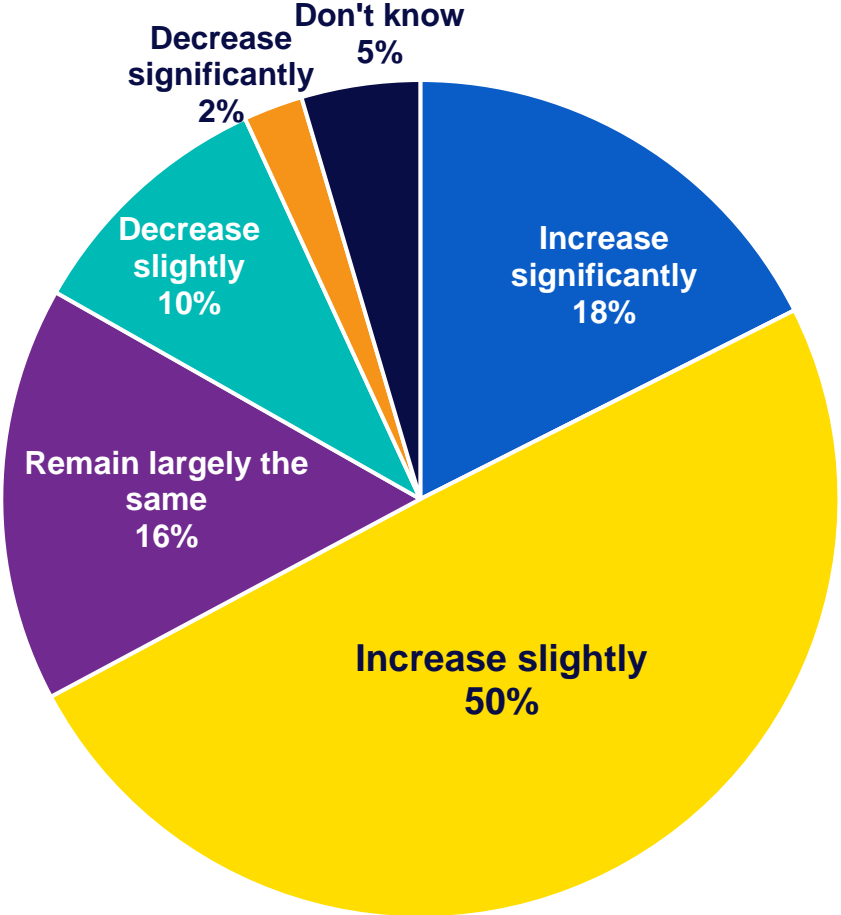
84 per cent expect their company's revenue to increase or remain the same in 2023

68%

Expect their company's revenue to **increase**

16%

Expect their company's revenue will **remain largely the same**



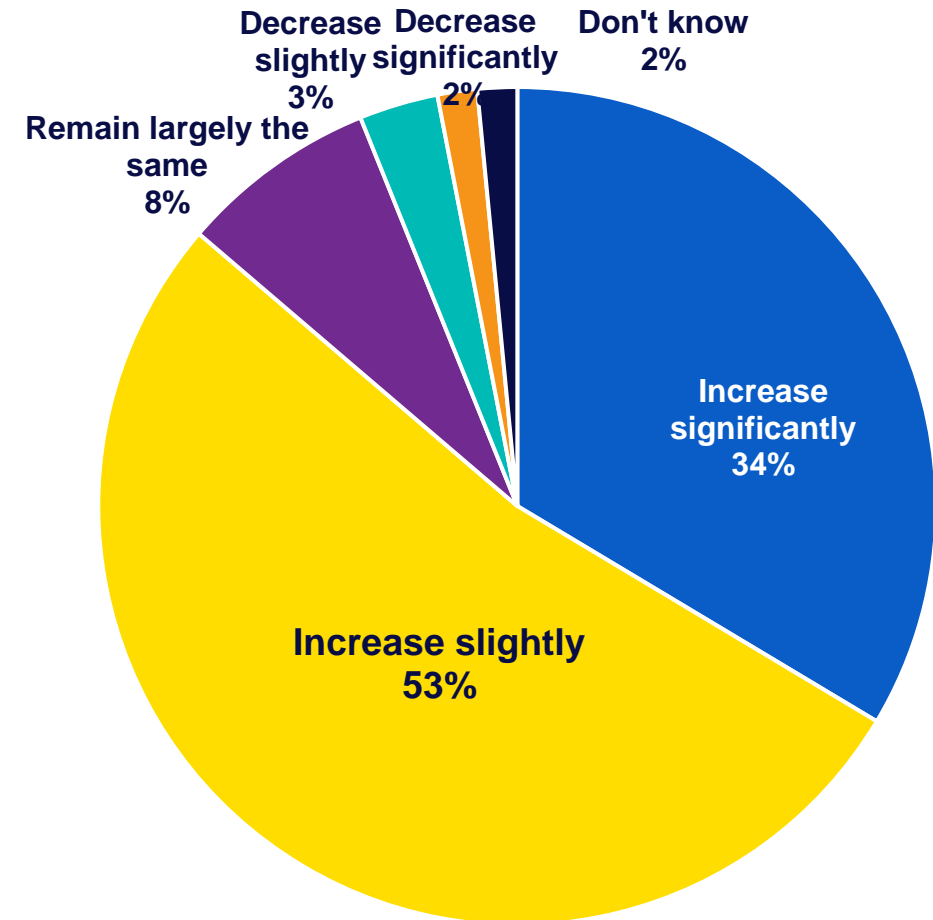
95 per cent expect their company's revenue to increase or remain the same in 2024

87%

Expect their company's revenue to **increase**

8%

Expect their company's revenue will **remain largely the same**



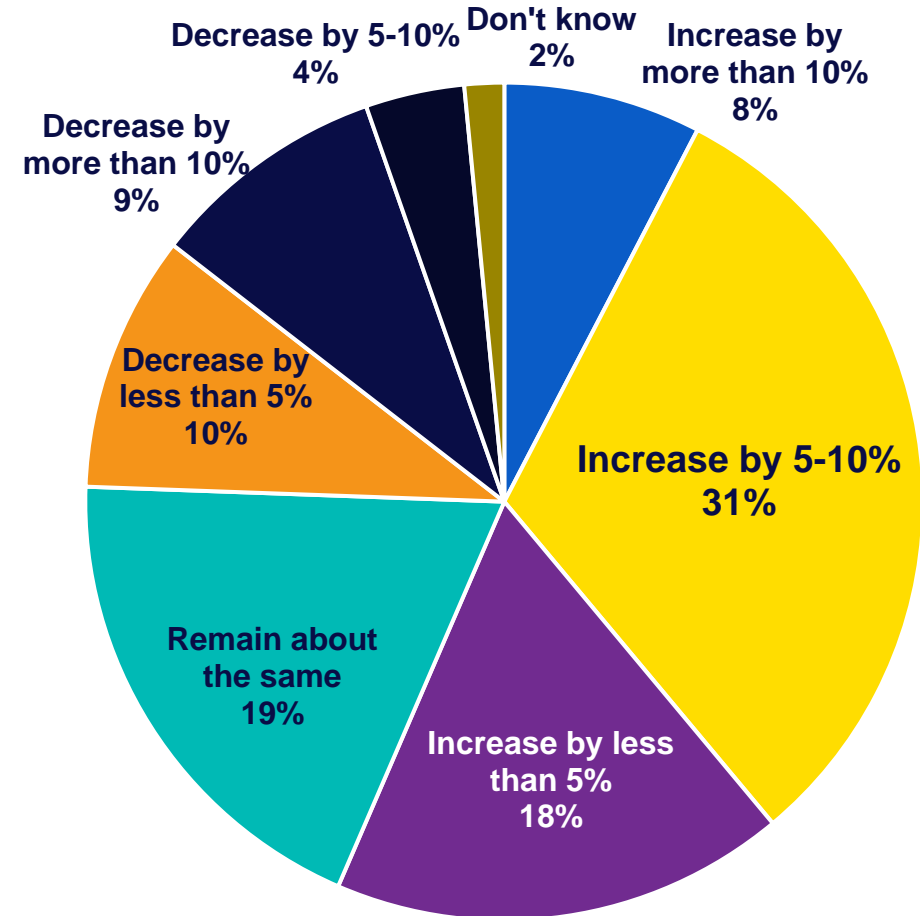
57 per cent expect their company to increase their headcount in 2023

39%

Expect their company's headcount to **increase** by more than 5 per cent

23%

Expect their company's headcount will **decrease**



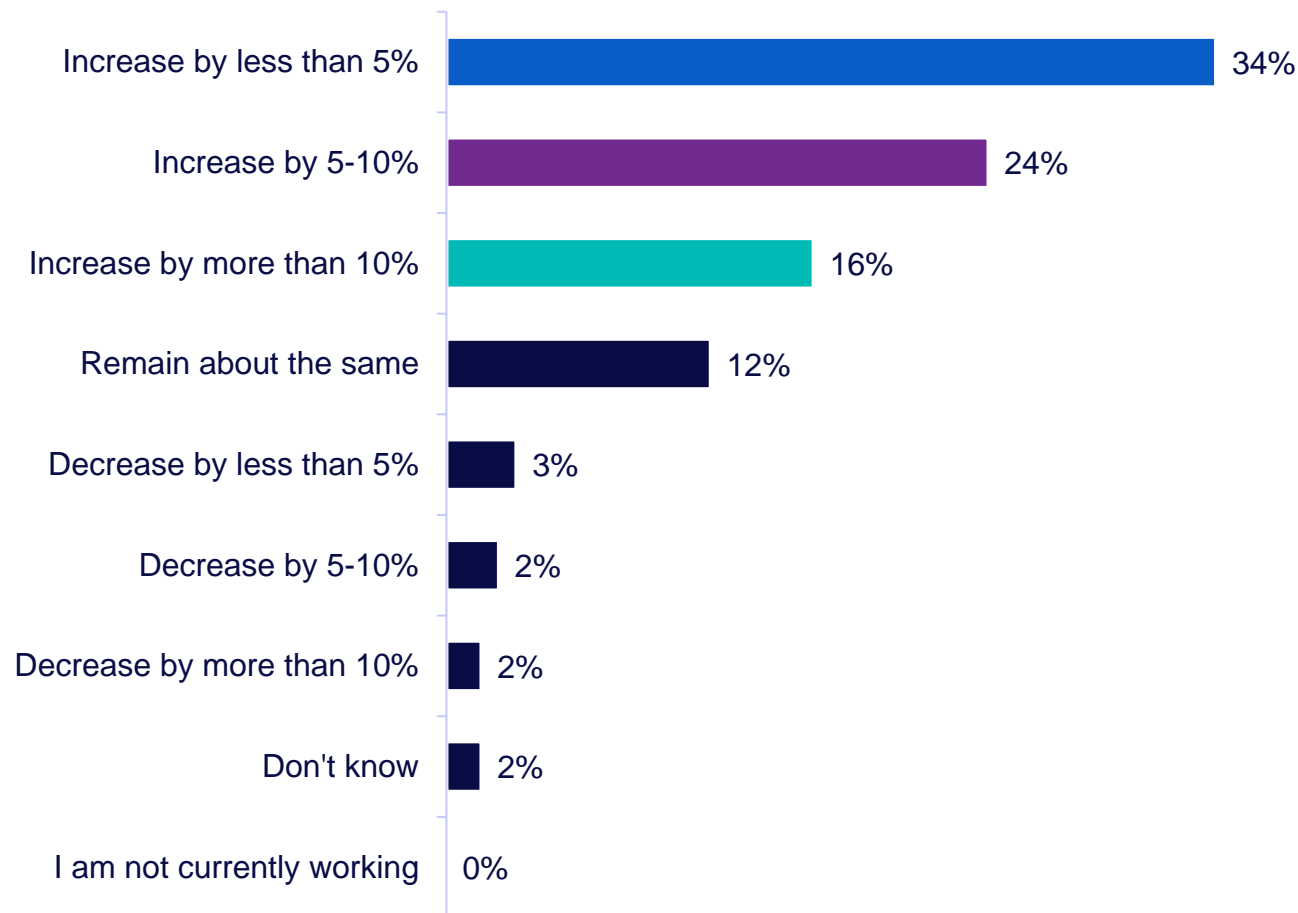
74 per cent of respondents expect their salary to increase in 2023

34%

Expect their salary to **increase** by more than 10%

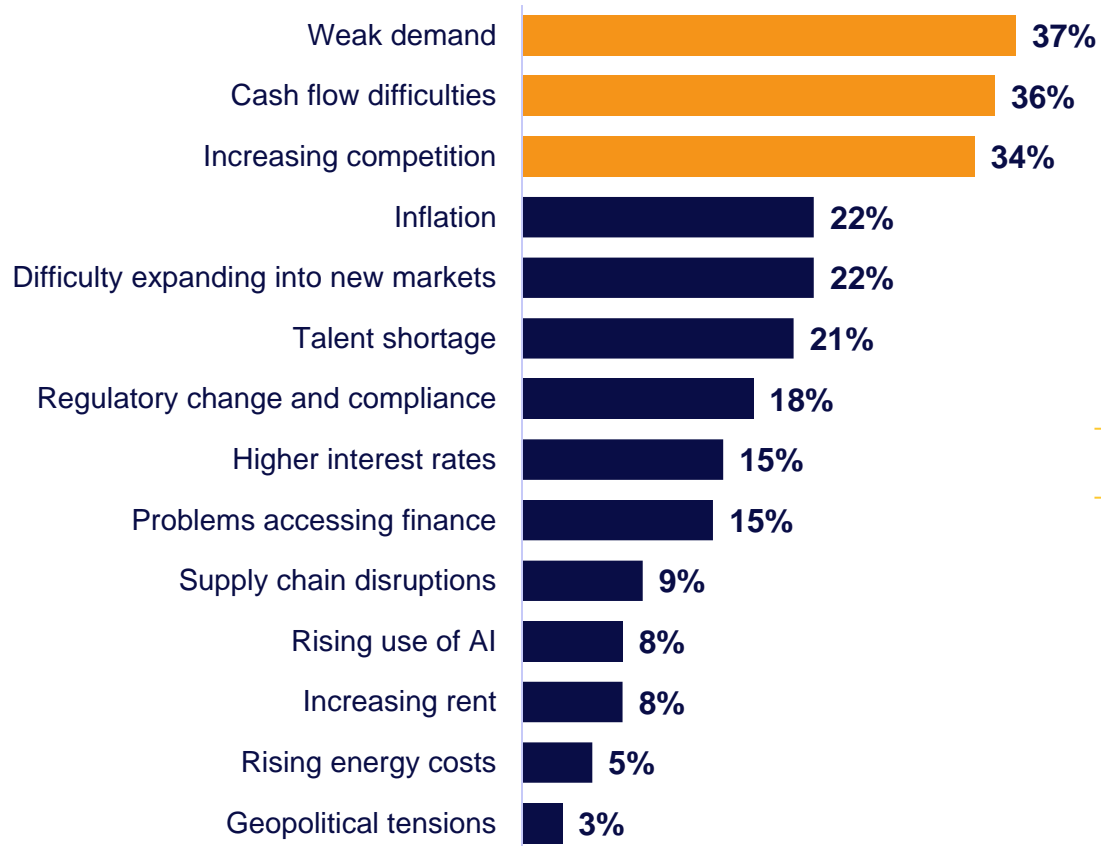
12%

Expect their salary to remain the same

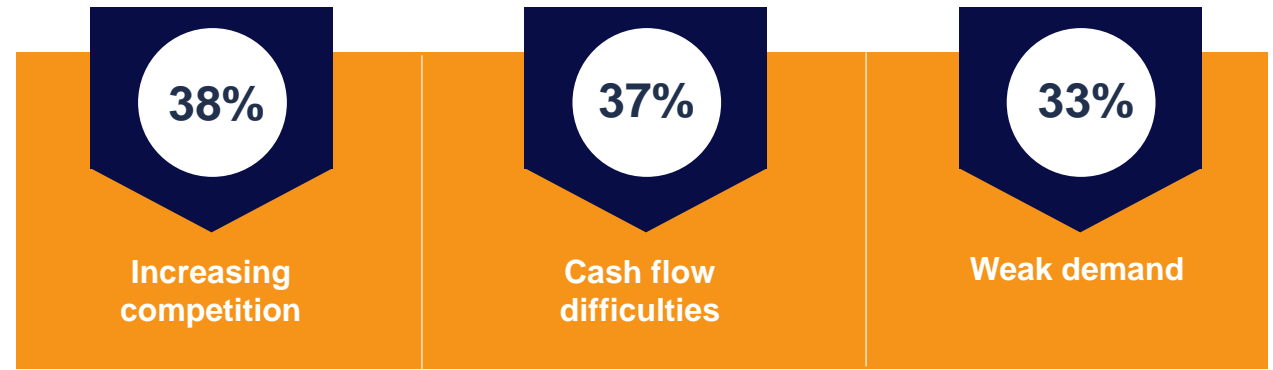


Weak demand was the main challenge faced by respondents

Overall



Small businesses (fewer than 100 employees)

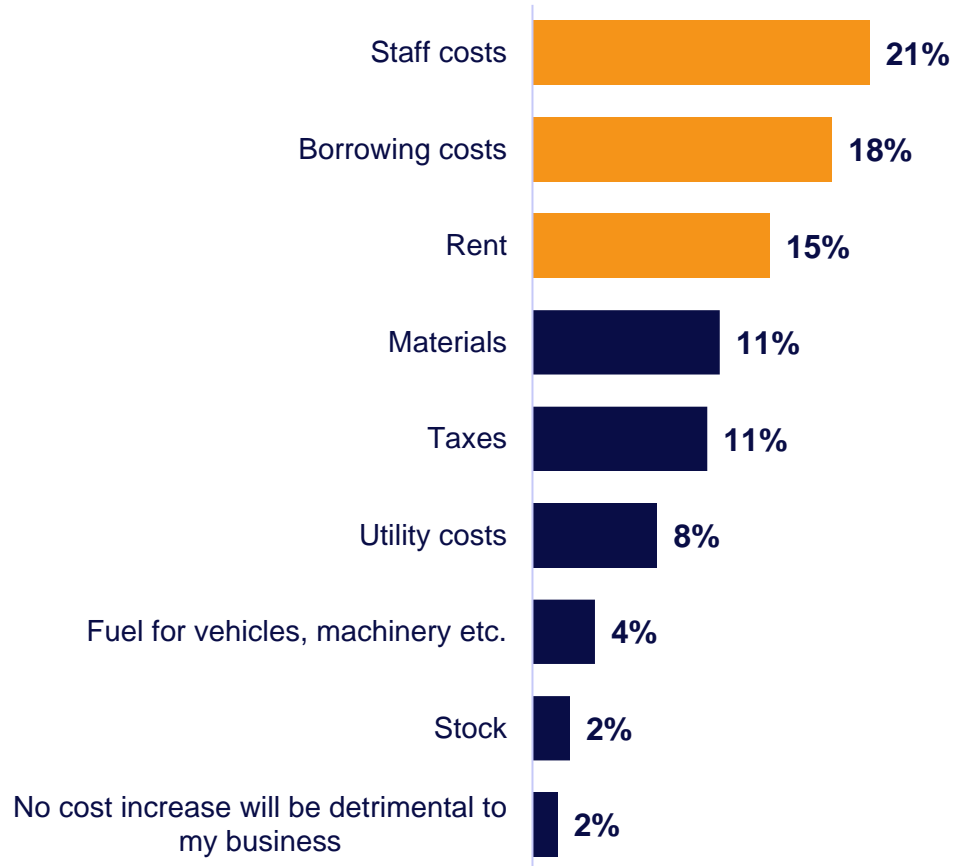


Large businesses (100 employees or above)



Smaller firms struggled with staff costs whereas larger firms stated that borrowing costs were their main concern

Overall



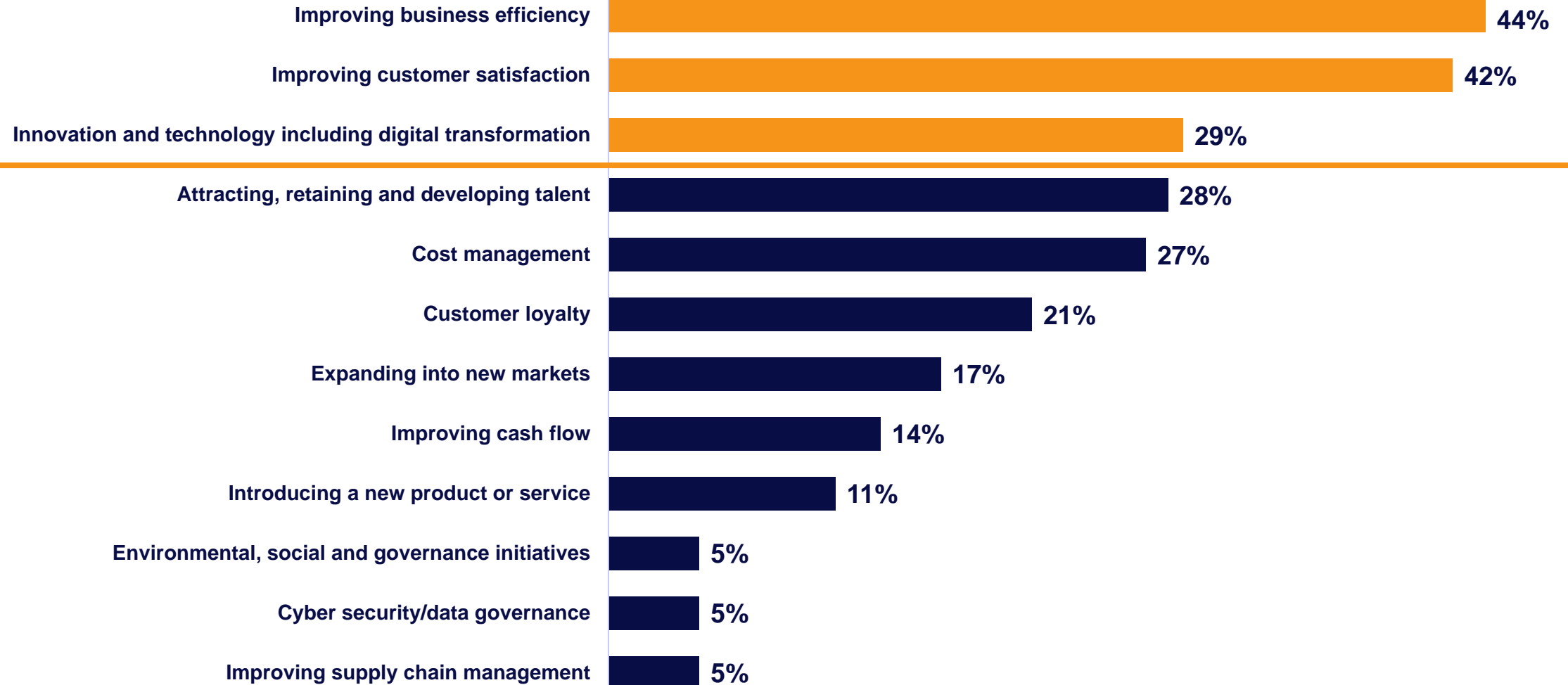
Small businesses (fewer than 100 employees)



Large businesses (100 employees or above)



Many businesses intend to focus on improving business efficiency in 2023



Question: Which of the following best describes what you expect to be your company's key strategic focuses for 2023?

Smaller business are focused on customer satisfaction while larger businesses are looking to improve business efficiency

Businesses with fewer than 100 employees



Businesses with 100 or more employees



Question: Which of the following best describes what you expect to be your company's key strategic focuses for 2023?

INTERNATIONAL COMPETITIVENESS

53 per cent of respondents believe improving key infrastructure will improve Vietnam's international competitiveness



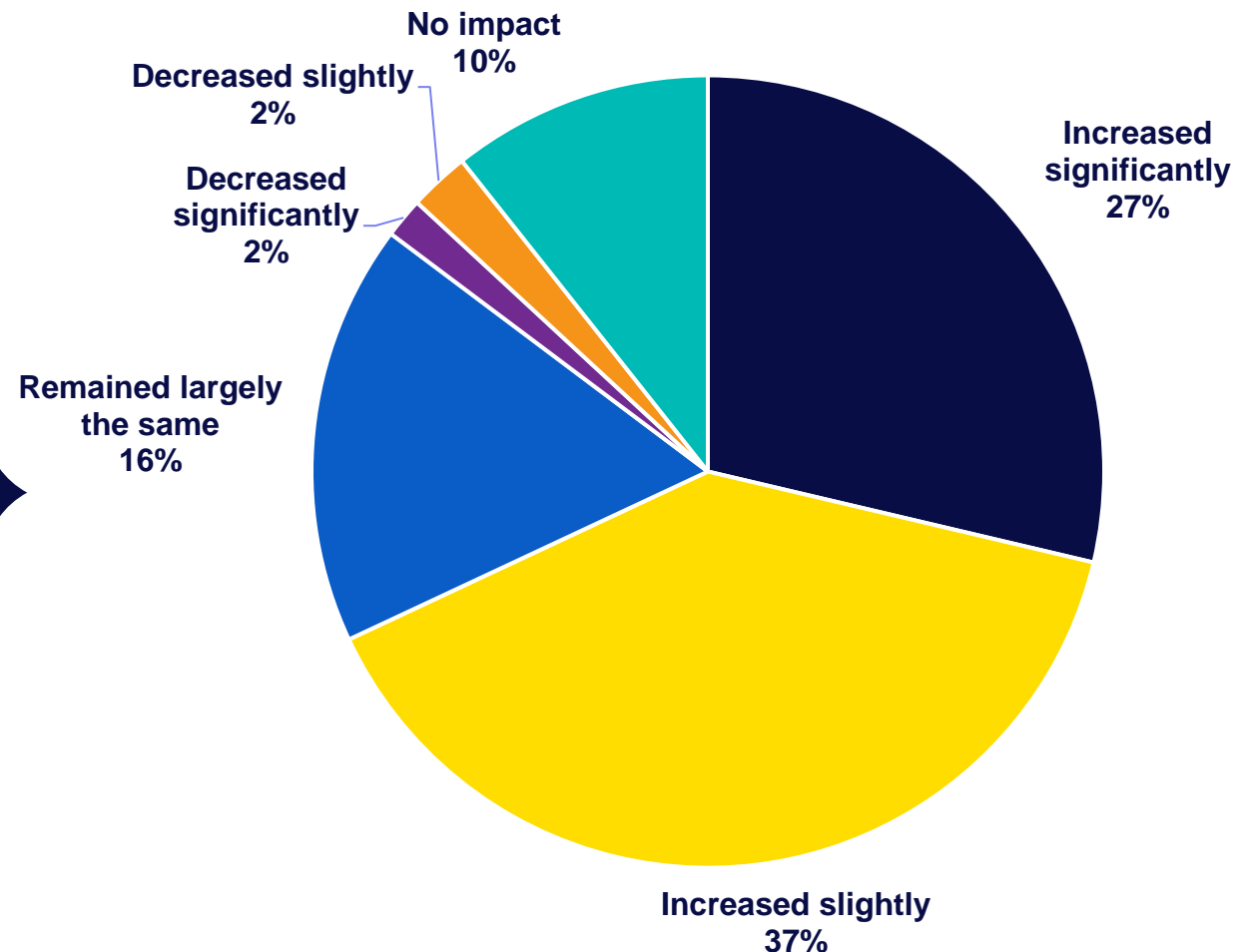
Questions: Which of the following do you believe the government should implement to improve international competitiveness?

Impact of ASEAN economic integration on business profitability

Overall, 64 per cent of those surveyed said their business experienced an increase in business profitability from ASEAN economic integration.

This is an encouraging result given that Vietnam has a strong export focus. It shows that ASEAN economic integration can support business profitability and economic growth.

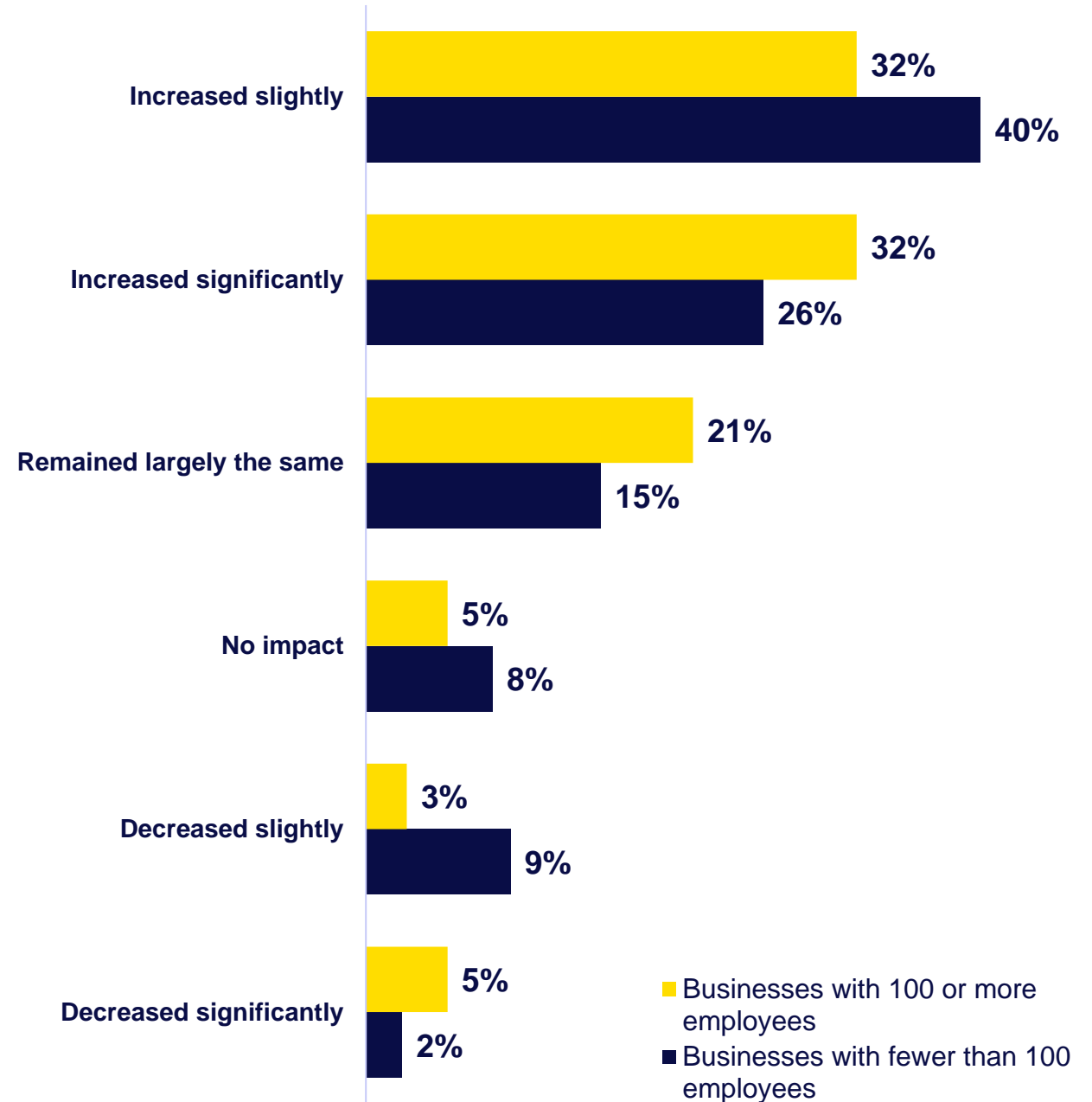
It is encouraging to note that only 4 per cent of businesses experienced a decrease in profitability due to ASEAN economic integration.



Impact of ASEAN economic integration on business profitability – by business size

Smaller businesses tended to be more affected by ASEAN economic integration regardless of increased or decreased profitability.

This could be due to being exposed to increased competition within the region.

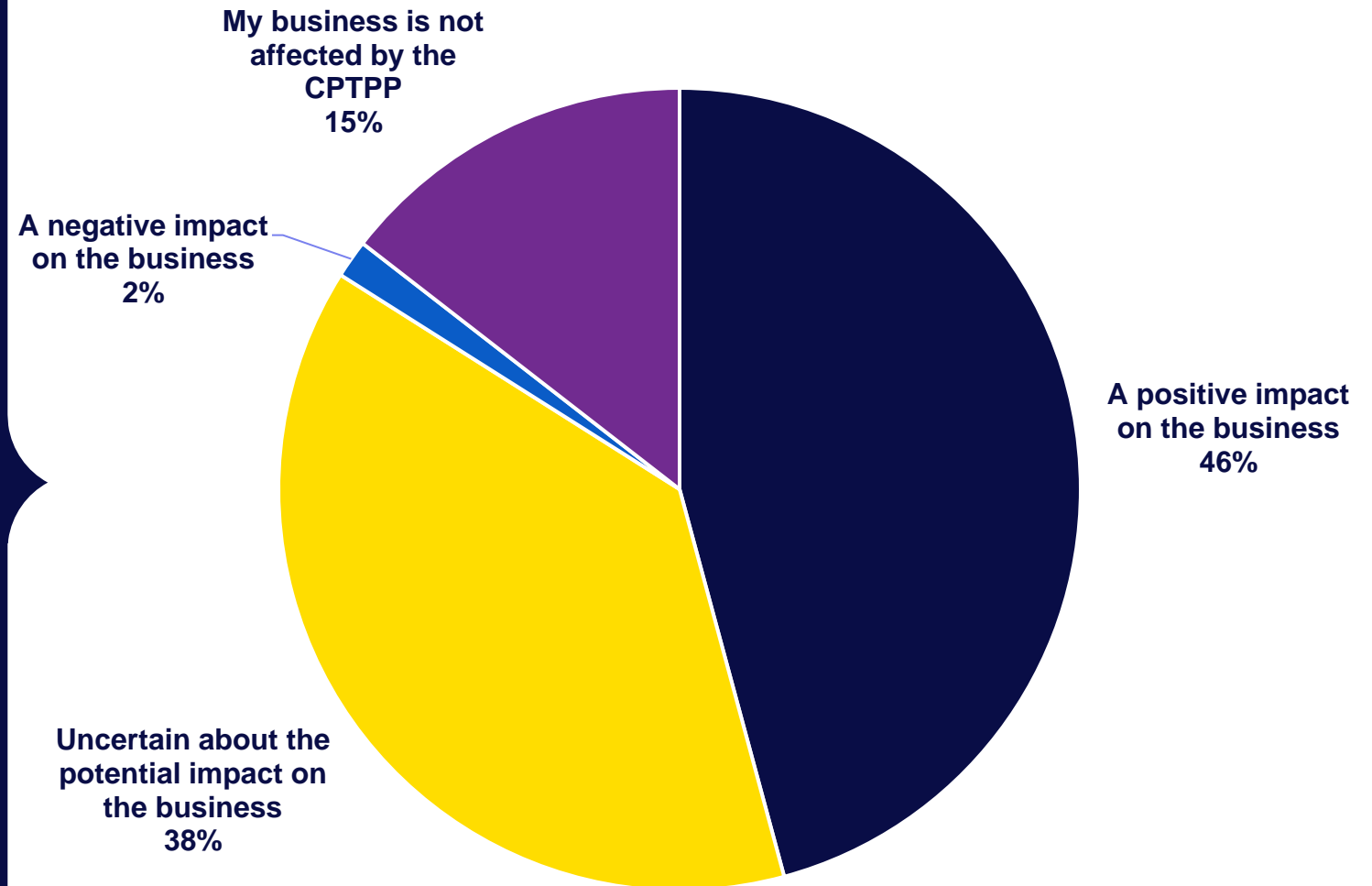


Impact of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) on business

Overall, 46 per cent of those surveyed said that the CPTPP will have a positive impact on their business.

It is encouraging to note that only 2 per cent of businesses expect the CPTPP to have a negative impact.

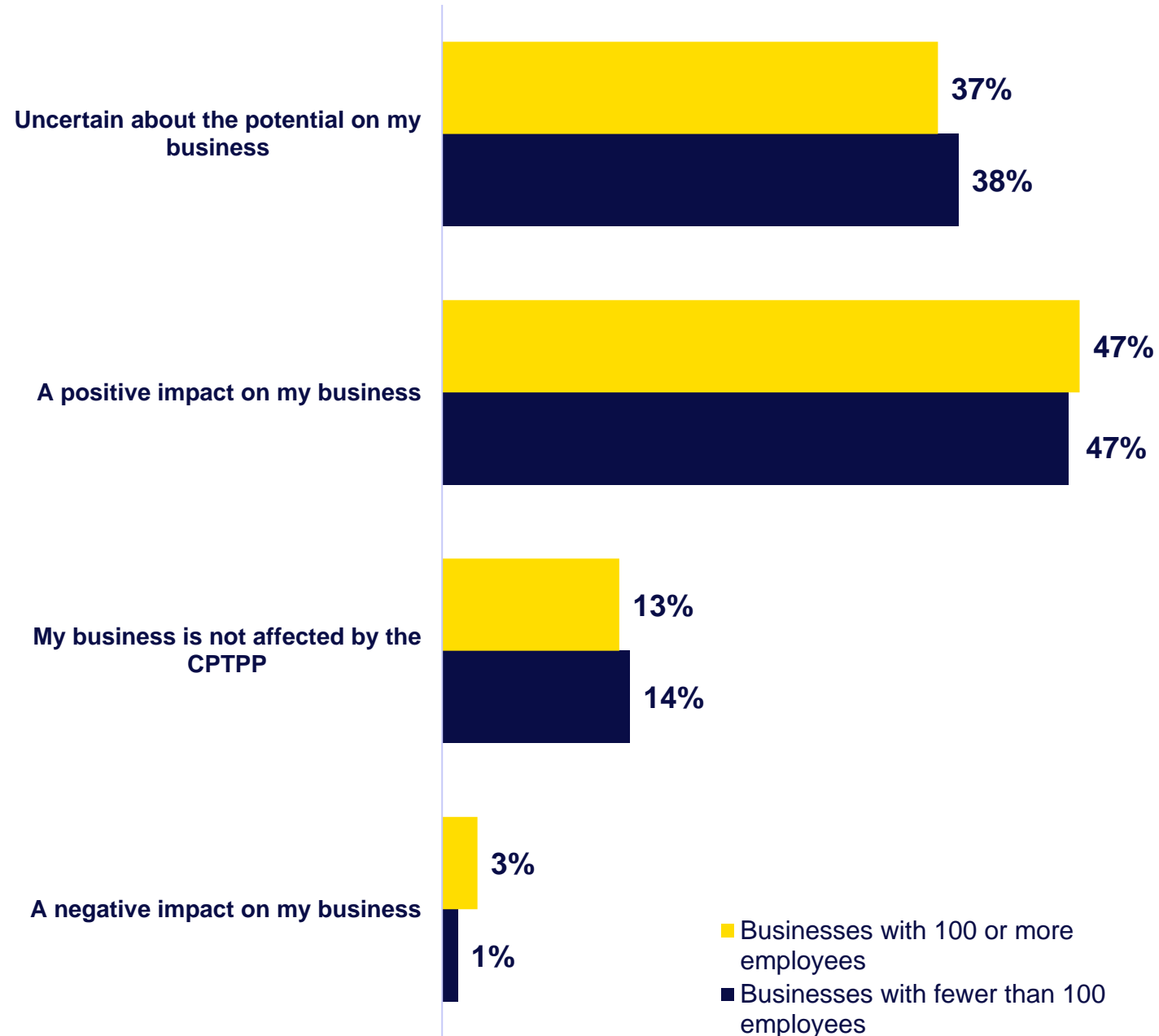
There are a significant number of businesses (38 per cent) that are unaware of the impact of the CPTPP. This is an area where businesses could seek professional advice.



Impact of the CPTPP on businesses – by business size

Respondents from both small and large businesses were most likely to state that the CPTPP will have a positive impact on their business.

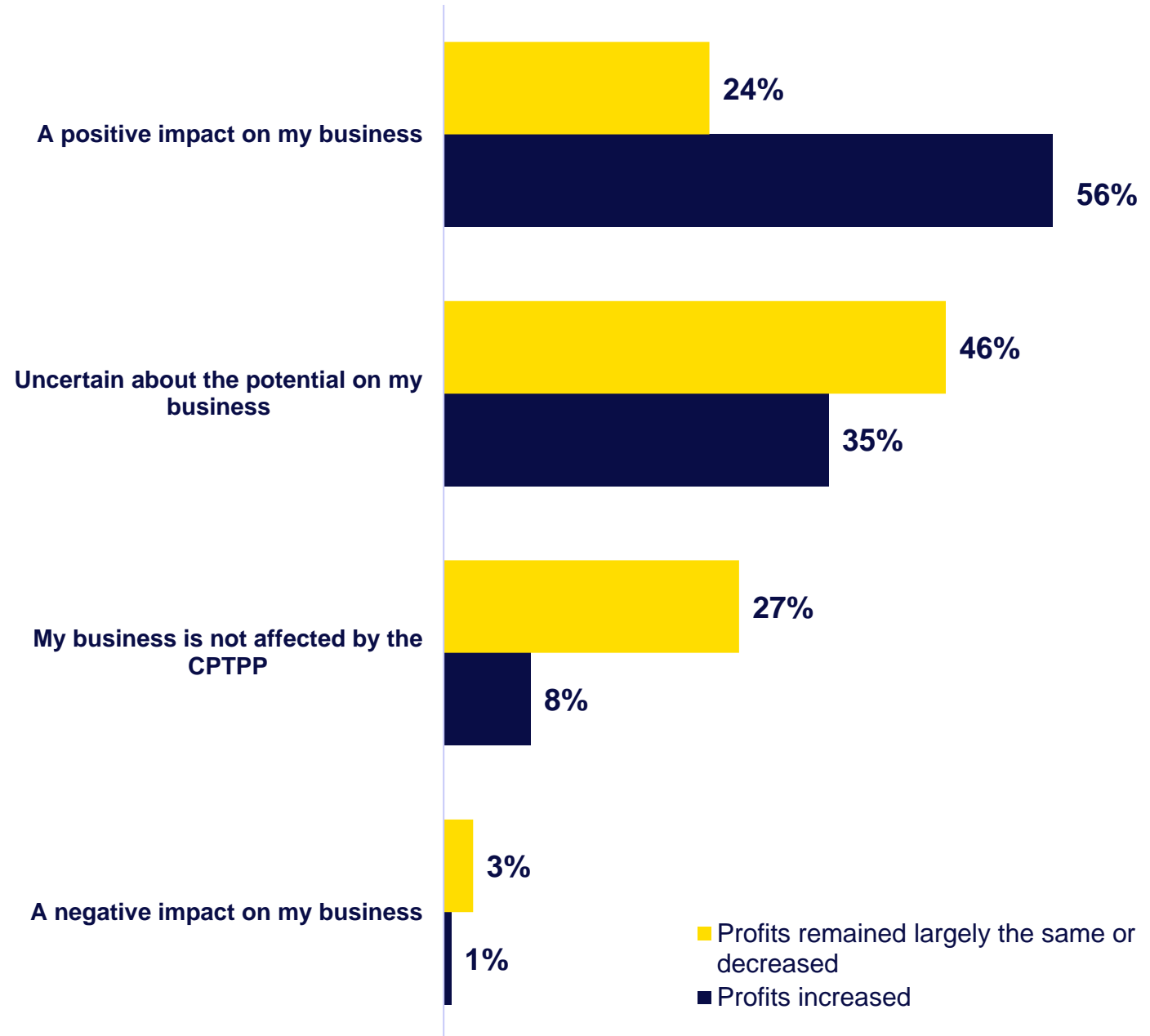
Still, large numbers of respondents from both small and large businesses were unsure what impact CPTPP will have on their business.



Impact of the CPTPP on businesses – by business profitability

56 per cent of respondents who reported their profits have increased stated that the CPTPP had a positive impact on their business.

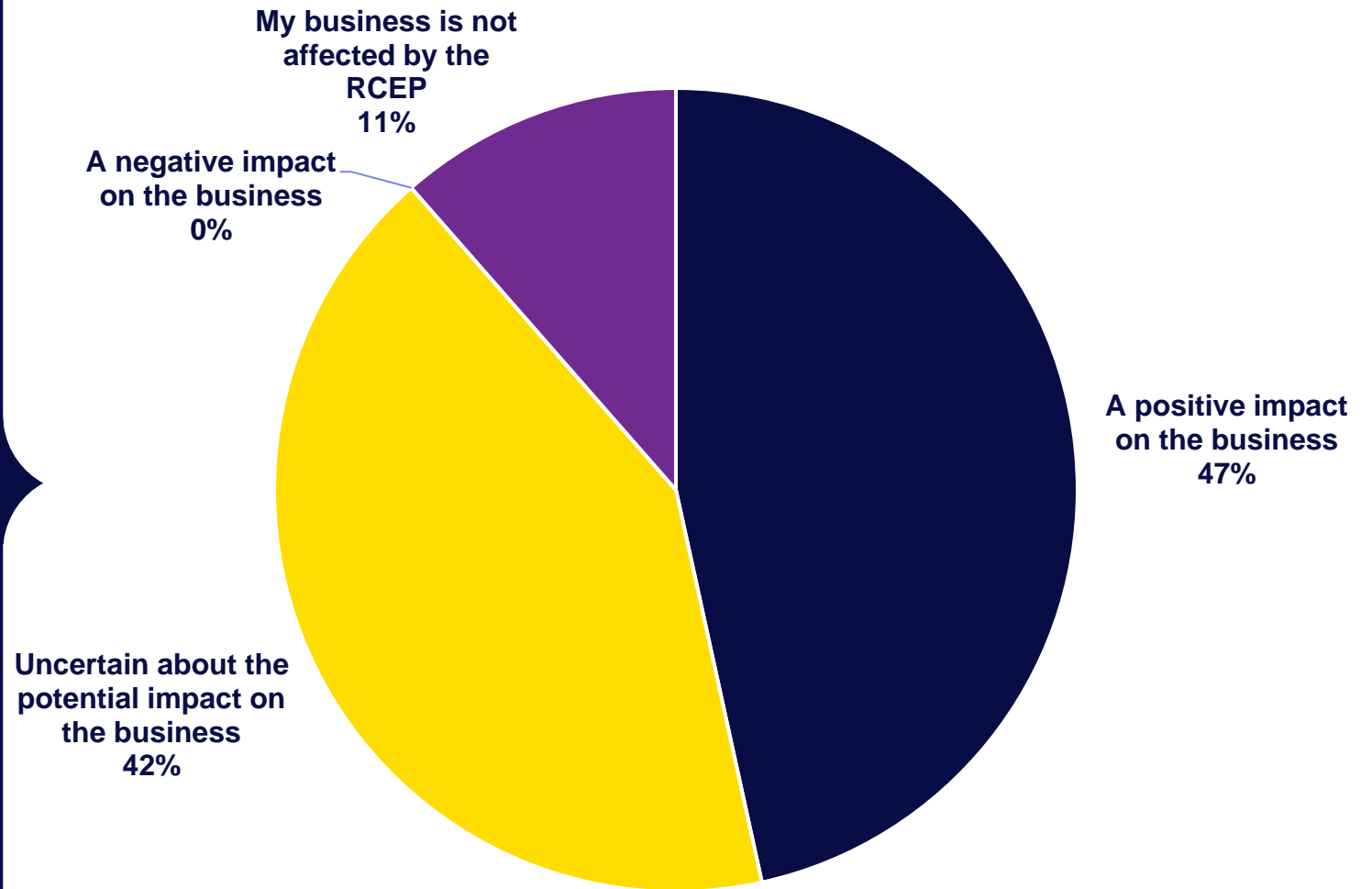
46 per cent of respondents who reported their profits remained the same or decreased remained uncertain about the impact of CPTPP on their business.



Impact of the Regional Comprehensive Economic Partnership Agreement (RCEP) on business

Overall, 47 per cent of those surveyed said that the RCEP will have a positive impact on their business.

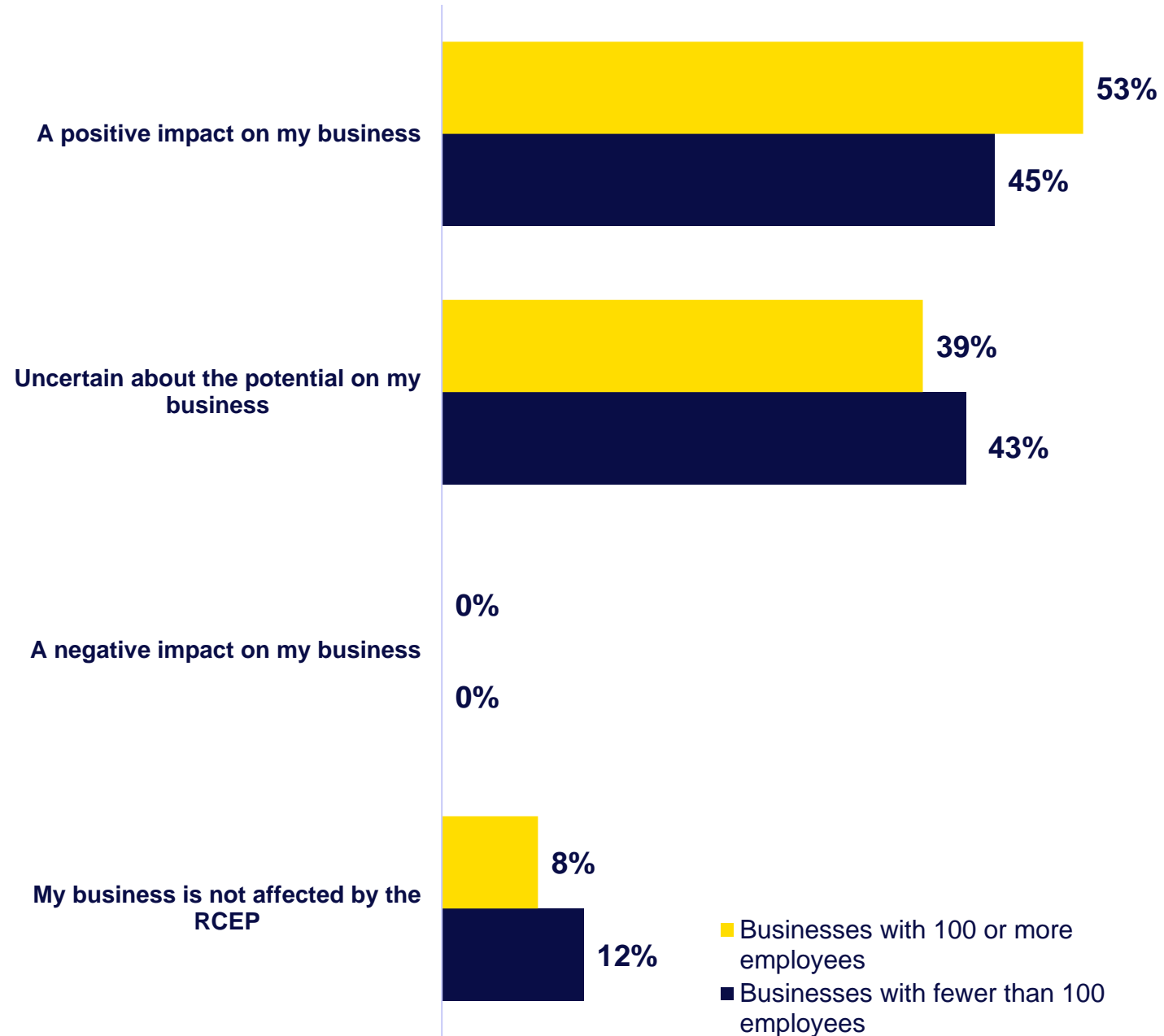
Also 42 per cent of businesses are uncertain about the impact RCEP will have on their business.



Impact of the RCEP on businesses – by business size

Larger businesses were more likely to state that the RCEP will have a positive impact on their business. RCEP, like other trade agreements, exposes business to new markets and reduced trade barriers.

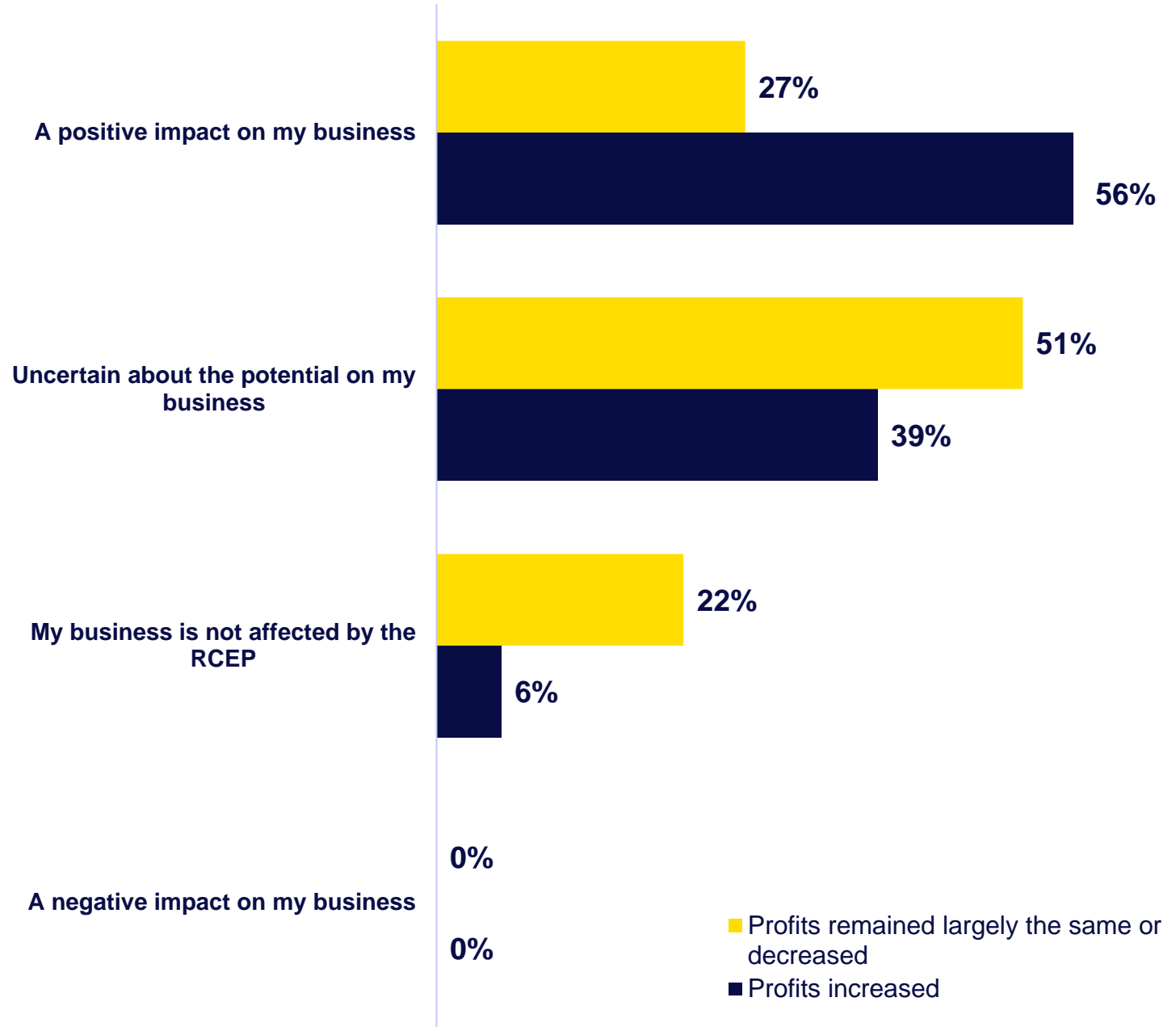
However, many large and small businesses are uncertain about the potential impact of RCEP. Given that it is still a new trade agreement this could change over time.



Impact of the RCEP on businesses – by business profitability

56 per cent of respondents who reported their profits have increased stated that the RCEP had a positive impact on their business.

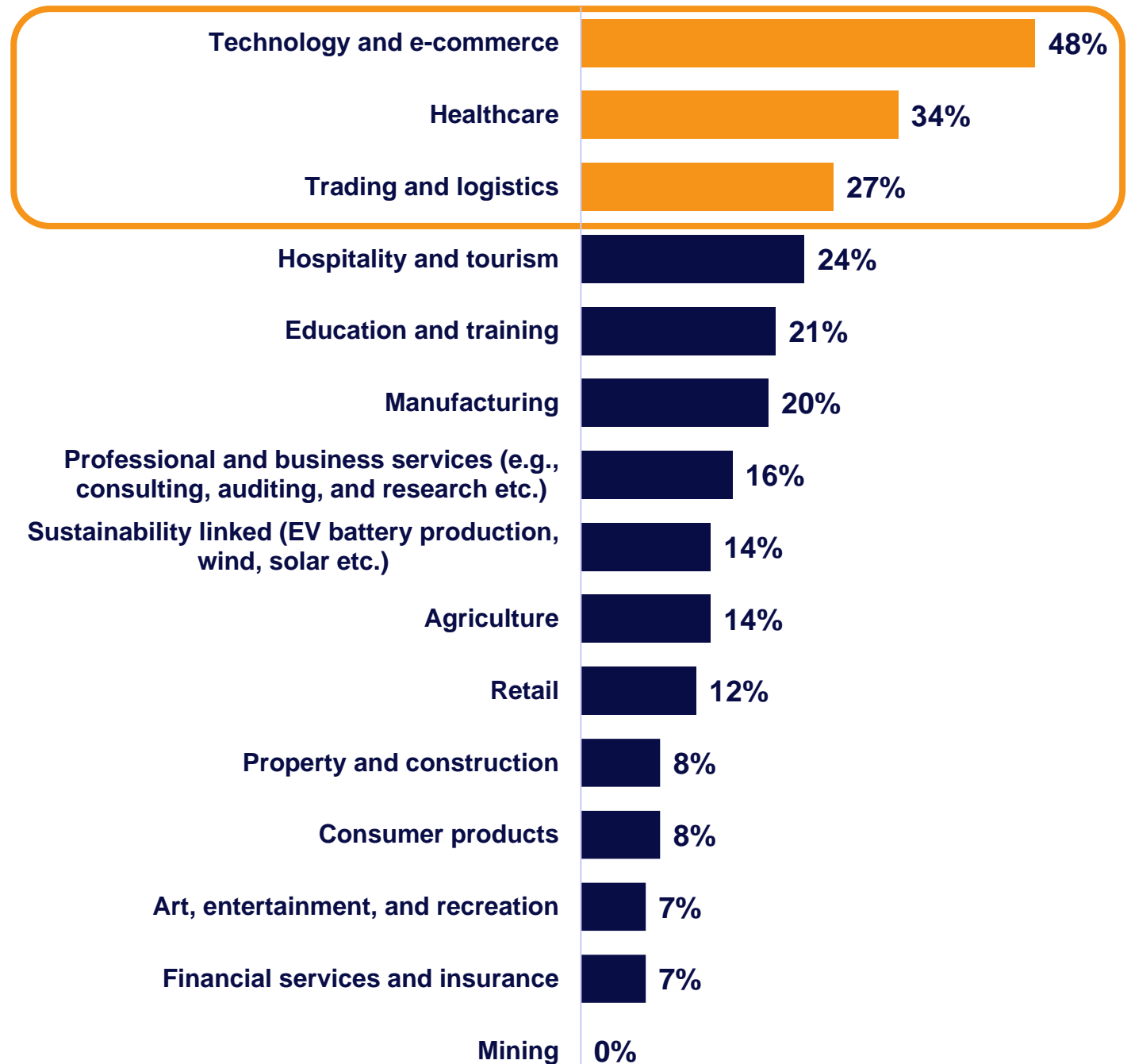
51 per cent of respondents who reported their profits remained the same or decreased are uncertain about the impact of RCEP on their business.



Respondents believe that the technology and e-commerce industry has the greatest growth potential in the next 5 years

Overall, 48 per cent of those surveyed said the technology and e-commerce sector has highest potential for growth in the coming years.

When looking at the respondents' views on ASEAN integration, CPTPP and RCEP, it is understandable that trading and logistics will be a key sector in years to come.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Staff health and safety policy was the top ESG practice businesses implemented

32 per cent of respondents stated that staff health and safety policy was their top ESG practice for their business.

Only 10 per cent of respondents stated that their business will not spend any time and resource on ESG in 2023.



ESG practices implement by businesses in 2023– by business size and profitability

ESG practices - small v large businesses



ESG practices – profitable v not profitable businesses



Recommendations

Recommendations



Business strategy

- Develop and implement a digital transformation strategy to assist in improving business efficiency and customer satisfaction.
- Develop strategies to take advantage of the of trade agreements. Further, measures should also be in place to mitigate possible negative impact of trade agreements as well.
- Develop better product offerings/services to combat weak demand and increasing competition.



Business operation

- Identify areas to lowers business costs and reduce reliance on high interest external financing.
- Ensure that ESG policies are implemented across business supply chains especially for businesses involved in international trade.



Government support

- Allocate appropriate resources to raise awareness of opportunities from free trade agreements that are available for local businesses.
- Provide upskilling or reskilling training programs to improve the effectiveness of staff and increase productivity of businesses
- Provide low interest grants or loans for businesses to cope with the rising borrowing costs