

Widening the Gap: Gendered Impacts of Capital Deepening in Vietnam's Manufacturing Sector

Van Dai, PHAM*
Thanh Tung, NGUYEN[†]

September 19, 2025

Abstract

This study investigates the recent phenomenon of a reversed gender wage gap in Vietnam and its relationship to capital deepening, using a rich dataset that combines labor force, firm, household, and migration surveys. We employ exogenous proxies for capital deepening derived from trends in other provinces within Vietnam and in China. Our findings reveal that capital deepening significantly widens the gender wage gap, primarily through demand-side mechanisms. The margin effects of capital deepening vary across districts: in lower-income areas, the intensive margin is pronounced, while in higher-income areas, the extensive margin dominates. Young and less educated female workers are particularly vulnerable to these adverse effects.

Keywords: Gender wage gap, capital deepening, industrial upgrade, labor displacement, Vietnam

J.E.L. classification codes: J16, J31, O15, J23, O33

*Fulbright School of Public Policy and Management, Fulbright University Vietnam. Email: dai.pham@fulbright.edu.vn

[†]Graduate School of Economics, Hitotsubashi University. Email: tung.nguyen@r.hit-u.ac.jp