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Effects of Corporate Governance on the Performance of Private Economic Groups in Vietnam*

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Abstract

Using the unique combined dataset of three previous surveys, this paper examines the effects of corporate governance on the performance of large private enterprises in Vietnam. Five measures of corporate governance and three variable proxies for performance are employed to investigate effects of corporate governance on performance. Estimated results show that Chair-CEO duality positively correlates with better performance, and increasing the size of the board of directors is negatively associated with worse performance regardless of performance measures. These empirical effects are the same across sectors, export and import -related enterprises, and between female and male CEO enterprises. Independence of the board has no link to performance of enterprises. Such results contribute to the extant literature by providing empirical evidence and shedding light on understanding the effects of corporate governance on the performance of large private enterprises in Vietnam.

Key Words : Corporate Governance, Private Enterprise, Firm Performance, Vietnam

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I . Introduction

Research on corporate governance has been well documented in the literature, especially since the collapse of many large corporations such as Enron, Xerox, Tyco, and WorldCom in the early 2000s. Accounting scandals implicitly took place inside those corporations due to lack of efficient mechanisms on corporate governance. As a result, there was a wave of regulations on corporate governance to aid in preventing similar problems occurring in the future. Those regulations focused on improving the corporate governance environment, calling for strict application of principles of corporate governance, implementing guidelines on the independence of the board of directors and audit committees of firms. Sound corporate governance is so important that both the NASDAQ stock market and New York Stock Exchange require listed companies to have a majority of independent directors. Regulations on corporate governance were enacted in those listed firms to enhance their corporate government mechanism as the priority of financial revolution, increase of public confidence, enhancement of corporate governance, and assurance of firm development.

The private sector is the most dynamic and economically efficient sector in the Vietnamese economy. It plays a significant role, generating 49.4 percent of total GDP and employing 86.3 percent of the total labor force (GSO, 2013). While state owned enterprises show their inefficiency, private counterparts have been significantly developing, particularly after the introduction of the Law on Enterprise 2005. Many private enterprises have developed and become large companies that follow models of economic groups. In practice, however, private economic groups (or large private enterprises, hereafter used interchangeably) are facing many issues, which originate from weak corporate governance. Main owners of large private enterprises commonly have cross-ownership in many other companies and financial institutions, and decision making of those enterprises is mostly made by those cross-ownership shareholders. It is “bad” corporate governance that can cause serious consequences such as erosion of competitiveness, undermining innovation, and eliminating transparency, accountability, and economic efficiency. In the context of Vietnam, hidden agreements, cross-ownership, and lack of transparency and accountability in large private enterprises likely lead to

an unfair business environments, conflicting interest groups, corruption, and ultimately instability of the macroeconomic structure(Le, 2013).

Studies on the impacts of corporate governance on performance of the firms are intensively documented in the literature, and empirical results are largely differentiated because of the wide range of measurements for corporate governance. By using the different proxies for corporate governance and different datasets, the empirical results are also diversified. For example, studies that used the independence of the board of directors as a measure of corporate governance found that increasing independence of the board of directors is strongly associated with better firm performance(Bhagat & Black, 2002; Hermalin & Weisbach, 1998, 2003), but recently Bhagat and Bolton,(2008) found a negative relationship between board independence and operating performance.; Bhagat, Carey, and Elson(1999) found that the size of the board is negatively linked to the performance of firms while CEO duality concluded ambiguous empirical results (Brickley, Coles, and Jarrell, 1997). This research topic, however, has not been intensively studied in Vietnam yet because of a limited dataset to support this kind of

research. To our knowledge, Vo and Phan(2013) is among one of the first papers that examined the effects of corporate governance on firm performance in Vietnam. By applying FGLS estimation methods for 77 listed firms on the Ho Chi Minh Stock Exchange and which were continuously active during the period from 2006-2011, this paper found that duality is associated with better performance, the size of the board of directors is negatively linked to firm performance, and the structure of ownership has no linear relationship with the performance of surveyed firms. Along with Vo and Phan (2013), this paper is among the pioneering papers on investigating the impacts of corporate governance on the performance of large private enterprises in Vietnam.

The primary objective of this paper is twofold: to develop a dataset describing governance and performance of large private enterprises and to investigate the impacts of corporate governance on the performance of large private enterprises (or private economic groups) in Vietnam. This paper used a unique dataset of the combined enterprise surveys conducted by GSO, by VNR's 500 private enterprises completed by VNR Vietnam Report and Vietnamnet, and by the Research Project Code II.5.2-2012.3,

this paper found that different measures of corporate governance have different effects on firm performance, which is proxied by return on assets (ROA), before-tax profits, and state budget contribution. For the surveyed sample, duality is positively associated with better performance regardless of its measures, while the size of the board negatively affects performance of large private enterprises. Those results do not differ across sectors. The empirical results also support projections of managerial theory, stewardship theory on the importance of Chair-CEO duality and the size of the board.

The remainder of this paper is organized as follows. Section 2 discusses the relevant literature and motivates our key hypotheses. Section 3 introduces the development of our dataset and model specifications. Section 4 presents the results on the relationship between corporate governance and performance of large private enterprises in Vietnam. Section 5 summarizes our key findings and concludes the paper.

II. Literature Review

Studies on corporate governance and its effects on firm performance are

quite well documented in the literature. This section briefly provides measurements of corporate governance and firm performance, and it also reviews the effects of corporate governance on firm performance commonly found in the literature. This review aids in understanding and applying measurements of corporate governance and firm performance in the Vietnamese context in this paper.

1. Measure of Corporate Governance

The term “corporate governance” is initially associated with the “principal-agent” problem. At the firm level, a “principal-agent” means a person who owns a firm but is not the same person who controls it. In this sense, corporate governance is initiated from private sector and its conception traditionally focuses on the corporation-shareholder relationship. OECD(2004) provides a broader definition of corporate governance as “the full set of relationships among a company’s management, its board, its shareholders and other stakeholders. It provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance determined.” Another definition of corporate

governance is provided by Barrett (2002) who said that this pertained to the ways an organization deals with its various stakeholders. According to the World Bank(1999), corporate governance can be seen from two perspectives: external and internal corporate governance. External corporate governance deals with external stakeholders such as creditors, suppliers, and many others outside the organization, while internal corporate governance focuses on the board of director and the interests of shareholders.

Corporate governance has been proxied using different ways and variables. Most studies on this issue use measurements that directly relate to the internal perspective of corporate governance. For example, Edward and Clough (2005) conduct a survey on measurements of corporate governance and find that the most common proxies used in the literature and in the corporate governance codes are as follows: (i) The size of the board of directors; (ii) Separation of Chairman and CEO (duality); (iii) Majority of the board being comprised of non-executives or board dominance of independent directors; (iv) Balance of directors' skills and competencies; and (v) Audit and other board committees. Edward and Clough(2005) also reviewed measurements for the external

perspective of corporate governance such as effective board performance evaluations, transparent appointment processes, and adequate communication with investors. Some studies (Vo & Phan, 2013) used the presence of female board members and educational attainment level of board members as variables for corporate governance; while still others (Bhagat & Bolton, 2008) focused on median director-dollar value ownership and median director-percent value ownership as proxies for corporate governance.

Corporate governance is also measured by using comprehensive indexes. For example, Gompers, Ishii, and Metrick (2003) constructed the so-called G-index, consolidated from 24 variables, in which a higher G-index indicates more restrictions on shareholder rights or a greater number of anti-takeover measures. Another complicated measure of corporate governance which is based on six of the twenty-four G-Index provision is the E-index, developed by Bebchuk, Cohen, and Ferrell(2009). A high E-index is associated with weak shareholder rights. These indexes are considered as indicators of external corporate governance and commonly used to investigate the effects of interaction between several governance measures on firm performance. However, the

use of these indexes is limited since it is difficult for researchers to obtain data for calculating them (Cremers & Nair, 2005). For this reason, separate metrics of corporate governance are preferred in the empirical analyses of corporate governance and firm performance.

2. Performance of the Enterprises

Many studies have developed indicators which are used to measure the performance of firms from different perspectives for a wide range of purposes. Richard et al.(2009) conducted a review of measurements of performance in related papers published in the top five management journals during 2002 and 2007, and they found little scientific debate on which measures are appropriate and how to combine measures in order to compare business performance. To investigate the relationship between corporate performance and performance of firms, several measurements of firm performance have been used. According to Bhagat and Bolton(2008) the most common proxies for firm performance can be summarized as;

- *Return on Assets*. -It is measured as operating income (in general, operating income before depreciation) divided

by end of year total assets;

- *Tobin's Q*. -This indicator is calculated based on the procedure provided by Gompers, Ishii and Metrick(2003) and Tobin and Brainard(1968);
- *Stock Return*. -It calculates one-year compounded returns, including dividends;
- *Leverage*. -It is measured as the sum of long term debt and the current portion of long term debt divided by total assets;
- *Last 2 Years Performance*. -The change in performance is computed, such as the growth rate of firm performance based on the past two years' performance;
- *Industry Performance*. -This measure is calculated using the mean performance for each SIC four-digit classification.

Because of data collection issues, many studies on this topic use only a single indicator of corporate performance. Return on assets, before-tax profits and payment to state budget are the three most often used performance measures.

3. Corporate Governance and Enterprise Performance

Empirical results on the effects of corporate governance on firm performance widely vary across proxies of corporate governance and firm performance variables. To review, variables of corporate governance

commonly used are board size, independence of board of directors, Chair-CEO duality, G-index, and E-index; while corporate performance variables mostly include returns on assets (ROA) and Tobin's Q.

The size of the board of directors has an ambiguous effect on ROA. For example, Lipton and Lorsch(1992), Jensen(1993), Yermack(1996), and Coles, Daniel and Naveen(2008) argue and empirically find that smaller board size is associated with more success of the firms; while many other studies find opposite empirical results(Klein, 1998; Dalton et al., 1999; Coles et al., 2008). Similarly, the effects of independence of the board of directors on firm performance are also mixed. Using different performance measures, Bhagat and Black(2002) find that firms with more independent boards do not perform better, and they also conclude that poorly performing firms are more likely to have more independent directors. Bhagat and Bolton(2008) find a negative relationship between board independence and firm performance. Bhagat and Bolton(2009) document that having a more independent board of directors does not lead to better performance and may actually lead to worse performance. Edward and Clough(2005) provide further review on this issue.

Using the G-index as a proxy for corporate governance, Bhagat and Bolton (2008, 2009) find that stronger corporate governance strongly associates with higher operating performance with a variety of performance measures, including ROA and Tobin's Q. This empirical result is also true for the E-index. For example, a firm with a higher E-index has lower firm valuation (Core, Guay & Rusticus, 2007; Cremers & Nair, 2005). These mixed empirical results are also found in a review of Bhagat and Bolton (2008, 2009) and Edward and Clough (2005).

Other measures of corporate governance such as duality (separation of chairman and CEO) also have a mixed effect on firm performance. For example, Donaldson and David(1991) argue that an independent chair will enhance the board's capacity to achieve business goals because the board provides a mechanism for keeping managerial actions in-check. Kocourek et al.(2003) add that there is no one to talk openly and in depth to about the difficulties faced by organizations, and the chair can play this supportive role in this case. Heracleous(2001) provides empirical evidence that whether the chair and CEO are separate or the same person does not appear to make much

difference on the performance of firms.

It is obvious from the literature that the impacts of corporate governance on the performance of firms are ambiguous or mixed. The empirical results of those various studies are different due to differences in measures of corporate governance and a variety of performance measurements. Using the unique combination of available dataset and survey on large-scale private enterprises, this paper tries to further empirically investigate this relationship in the context of Vietnam. Particularly, this paper will examine the effects of corporate governance measured by duality, size of board, independence of board, and presence of female board members on the performance of large private enterprises as measured by ROA, before-tax profits, and their annual budget contribution.

III. Methodology Framework

1. Data and Variables

Data used in this paper was collected from a combination of three sources. The first data set is the Enterprise Survey, which was conducted

by the General Statistical Office of Vietnam. This is an annual survey and the sample size is very large, like a census. For example, there were 358,557 enterprises in all sectors surveyed in 2012. This data source provides all the information needed including firm characteristics, financial results, among others and covers two years; 2011 and 2012. The second data set is from the survey conducted by VNR Vietnam Report and Vietnamnet. This survey consists of 500 of the largest private enterprises currently operating in Vietnam. In this paper, those enterprises are considered as private economic groups. This data set includes information such as the name, CEO, and business registration of these enterprises. The third data set is the survey conducted by the group which worked on Research Project Code II.5.2-2012.3. Based on the surveyed enterprises in the VNR Vietnam Report and Vietnamnet data set, we asked questions on corporate governance issues. Because each enterprise has a unique taxation code and those codes are available in all surveys, the taxation codes become the key for combining the three data sets from the three surveys.

Variables are purposely divided into three groups: (i) variables measuring firm performance, (ii) variables measuring

corporate governance, and (iii) other variables of firms. Definitions and measurements of all variables used in the paper are provided in Table 1.

The questionnaires were sent to 500 of the largest private enterprises (according to the ranking of VNR500-2013) and the survey was conducted either through face-to-face or telephone interviews or through email. Secondary data were obtained and consolidation from the enterprises'

annual financial reports was done. Approximately 277 enterprises responded to the survey, but only data from 254 enterprises were used for this analysis due to missing key indicator data necessary for analysis. Those private economic groups under study were gathered from the survey of the NVR Vietnam Report and Vietnamnet.

Out of 254 private corporations that fully responded to the survey, about 36 percent of the corporations have

<Table 1> Definitions of Variables

Acronym	Variable	Definition
<i>Firm performance variables</i>		
ROA	Return on assets	It equals before-tax income divided by total assets
BTP	Before-tax profit	Total before-tax profit of surveyed large private enterprises
SBC	State budget contribution	Total amount paid to state budget in 2012
<i>Corporate governance variables</i>		
Dual	Chair-CEO duality	It equals 1 if the chair is also the CEO of the firm, and 0 otherwise
SDB	Size of director board	Numbers of board of director members
GENC	Gender of CEO	It equals 1 if CEO is male, 0 if otherwise.
IBM	Independent board members	Numbers of independent board members
SEB	Size of executive board	Numbers of people in the executive board
<i>Others firm variables</i>		
SOF	Firm size	It is measured by book value of log of total assets.
AOF	Firm age	Years of operation
LEV	Leverage	Long term debt divided by total assets
GCEO	Gender of CEO	It equals 1 if male CEO and 0 if otherwise.
EMP	Export-import	It equals 1 if a firm has exports or imports, 0 if otherwise.
INZ	In industrial zone	It equals 1 if a firm is in industrial zones, 0 if otherwise.
AGR	Enterprises in agricultural sector	It equals 1 if a firm is in agricultural sectors, 0 if otherwise.
IND	Enterprises in industrial sector	It equals 1 if a firm is in industrial sectors, 0 if otherwise.

duality of Chair and CEO; the average size of the board of 5.7, while the average size of the executive board is 4.5 members. Most of the surveyed enterprises have a long history of operation, and average operating duration is 33.5 years. Large private enterprises in Vietnam are mostly in manufacturing (62.8 percent) and the service sector (35.7 percent) with about half of them directly involved in import and export activities. Descriptive statistics of the above variables are presented in Annex 1.

The results of our descriptive analysis, presented in Annex 2, show that Chair-CEO duality lowers the firm's performance in terms of all three firm performance measures. Female-CEO enterprises display worse performance than male-CEO counterparts. A similar result can be observed across sectors, especially in the industry and service sectors. These results will be thoroughly tested later.

2. Estimated Models

In investigating the impacts of corporate governance on the performance of large private enterprises in Vietnam, Two different performance measures were used in association with corporate governance variables and variables of

firm characteristics. Multivariate regression models were estimated using the Ordinary Least Squares method. The general estimated model is specified as follows:

$$Y = f(X, Z, u),$$

where Y represents the dependent variables, including return on assets (ROA), Before-tax profit (BTP) and State budget contribution (SBC) of the large private enterprises.

- X includes variables measuring corporate governance such as size of the board, independent board members, Chair-CEO duality, and the number of female board members. Each regression model uses only one corporate governance measure.

- Z includes other control variables of the surveyed enterprises.

- U refer to the error terms.

Since multivariate regression is used to estimate the effects of corporate governance on performance, assumptions of multicollinearity, homoscedasticity and linearity are also tested. The Pearson correlation matrix and variance inflation factor (VIF) computation are used to test the multicollinearity assumption, while the white tests are conducted to test for homoscedasticity assumptions.

IV. Results and Discussion

Before examining the effects of corporate governance on large private enterprises in Vietnam, we conducted tests for multicollinearity and homoscedasticity. The results of the Pearson correlation matrix are presented in Annex 2. Small coefficients of the Pearson correlation matrix along with variables and low variance inflation factors imply that there is no significantly high correlation among the independent variables. Those test results suggest that there is no significant multicollinearity in the data.

To test for heteroscedasticity, the White test was used in which the null hypothesis proves the presence of homoscedasticity. Empirical results of the White test presented in Table 2 give no evidence of heteroscedasticity in the regression models.

In order to estimate the effects of governance on firm performance, this paper employs three measures for firm performance and five measures for

corporate governance. The estimated effects of corporate governance on three aspects of firm performance are presented in Table 3.

Chair-CEO duality has a positive and significant effect on firm performance. With three proxies of firm performance, estimated results consistently and statistically significantly imply that Chair-CEO duality increases firm performance. This empirical result supports the managerial theory and stewardship theory (Davis, Schoorman & Donaldson, 1997) and previous empirical results of Daily and Dalton(1997) and Rechner and Dalton (1991). Chair-CEO duality is considered to foster and unify leadership rather than weaken the independence of the board from management and monitoring roles. Thus, it does not reduce the supervision of the board over firm activities and performance, and helps increase the efficiency of the firm. In the context of Vietnam, Chair-CEO duality increases the power of the CEO, enabling him or her to appropriately respond to dynamic

<Table 2> Tests for Heteroskedasticity: The White Test

	White test statistics	Chi-Square P-value	Observations
Return on assets	2.39	0,3102	253
Before-tax profit	1,74	0,4187	236
State budget contribution	2,40	0,3007	254

Source: Computed from the surveyed data

<Table 3> Effects of corporate governance on large private enterprises in Vietnam

	BTP(model 1)	SBC(model 2)	ROA(model 3)
Duality	0.546**	0.373*	0.048**
Size of board	-0.020	0.031	-0.012*
Gender of CEO	-0.055	0.541*	-0.022
Executive board members	0.038**	0.028	0.009**
Independent board members	0.045	-0.052	0.009
Age of firms	0.010	0.003	0.001
Log of total assets	0.922***	0.844***	0.005
Leverage	-0.916***	-0.516***	-0.136***
Export and import activities	0.370*	0.719***	0.042*
In industrial zone	0.710***	0.449*	0.036
Agriculture	-2.277***	-1.746**	-0.097
Industry	-0.780***	-0.414**	-0.030
Constant	-8.940***	-8.634***	0.158*
Observations	236	254	253
R-squared	0.5743	0.5974	0.2275

Significant coefficients at the 1%, 5%, and 10% levels are noted by ***, ** and *, respectively.

events amidst a more transparent Vietnamese economy. This result suggests that it is not necessary to separate the CEO and Chair in private enterprises in order to pursue and attain better performance within the enterprises.

When using size of the board as a measure of governance, estimated results shows a negative and statistically significant effect on firm performance. Holding other variables constant, an additional member in the board would decrease ROA of the firm by 1.2%, annually. This estimated result is corroborated by empirical findings in literature. A large board size enterprise often has diversity of

opinions that take time to get these board members into consensus model and thus this can negatively impact on decision making relative strategic issues or business development directions. Another estimated result shows that a larger executive board is statistically and significantly associated with better performance of enterprises. This suggests that diversity of opinion on daily operating decisions would reduce the risks of business and eventually improve firm performance.

Other measures of corporate governance such as gender of CEO and independence of the board do not statistically or significantly affect the performance of the enterprises. A

possible reason for this result is that the number of female-CEO enterprises in the sample and the number of independent board members are so small that they do not make a significant contribution to corporate performance.

One notable estimated result here is that leverage has negatively and statistically significant effects on firm performance in all three measures. This implies that a firm having more long-term debts would be associated with worse performance because higher leverage means higher agency costs and diverging interests across managers, shareholders, and debtholders. Thus, it should be considered a moral hazard issue that causes leverage to negatively link to performance. This is very true in the Vietnamese context, particularly in the current condition marked by economic difficulties. Over a long period or from October 2009 to June 2012, interest rates for bank loans were kept at a significantly high level, at almost 20% annually, and even more than 20% for some unofficial financial intermediaries. Debt financing and interest payment obligations put pressure on managers to perform in such a way to reduce “free cash-flow,” or else be under threat of bankruptcy if these obligations cannot be satisfied.

The paper also estimated models that included interaction terms of Chair-CEO duality and the sector which the firm belonged to, in order to determine if Chair-CEO duality has different effects on the performance of firms in different sectors. Estimated results showed no difference in firm performance across sectors due to Chair-CEO duality or between female and male CEO enterprises. Similar empirical results were also found for interaction terms of Chair-CEO duality and export-import related enterprises.

V. Conclusion and Recommendations

This paper is one of the pioneer studies on the relationship between corporate governance and performance of firms in Vietnam. This research has provided new evidence on the relationship between corporate governance and performance of large private enterprises in Vietnam. We used the unique combined data set of three previous surveys: the enterprise survey in 2013, the survey of the 500 largest private enterprises in 2013, and the survey under the research project code II.5.2-2012.3 for this assignment. Initially, tests for multicollinearity and heteroscedasticity of the data and

estimated models were conducted to make sure estimates were consistent. Next, the paper developed five measures of corporate governance (Chair-CEO duality, size of the board, gender of CEO, size of the executive board, and independence of the board) and three variables for performance (before-tax profits, contribution to state budget, and return on assets) to investigate the effects of corporate governance on firm performance. Estimated results show mixed effects of corporate governance on the performance of private enterprises.

In the context of state-owned enterprises with low efficiency, development of the private enterprises should be a focus for economic growth and development of the country. Based on the empirical results, good corporate governance practice would strongly associate with better performance of private enterprises. This suggests that Chair-CEO duality is not necessarily “bad” for the firm’s performance since, Chair-CEO duality would unify the leadership to respond to dynamic changes and information asymmetries in the Vietnamese economy. The size of the board, however, has negative effects on performance. This empirical result implies that fewer board members would be associated with better

performance, and it would be a good reference for applying Circular No. 121/2012/TT-BTC (Ministry of Finance, 2012) on regulations about corporate governance which is applied to public companies.

Based on this empirical analysis, some recommendations would be:

- It is not necessarily “bad” for private enterprises to have Chair-CEO duality. Chair-CEO duality is good for performance because unified leadership would help to promptly respond to dynamic changes and information asymmetries in the business environment in Vietnam.
- Private enterprises should keep the size of their board of directors at a minimum. Estimated results imply that smaller board size correlates with better performance of the enterprises. Although enterprises must follow regulations from the Vietnamese government under Circular No. 121/2012/TT-BTC, they should keep the size of their board as small as they can.
- Private enterprises should minimize their long-term debts in order to have better performance. Estimated results show a negative effect of leverage on performance regardless of the measurement of firm performance. It is not a good idea for enterprises to borrow excessively via long-term loans since this decreases the “free

cash-flow,” interest payment obligations, and there is the threat of bankruptcy to contend with if these obligations are not satisfied. These put strong pressure on executive managers and correspondingly affect the performance of enterprises.

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<Annex 1> Descriptive Statistics of Variables in the Sample

Variable	Mean	Std. Dev.	Min	Max
Gender of CEO	0,888	0,316	0	1
Size of board	5,747	1,703	1	11
Duality	0,360	0,481	0	1
Executive board	4,549	2,843	1	12
Female E.B. members	1,033	1,250	0	6
Members in both DB and ED	1,908	1,264	0	8
Independent board members	3,117	1,827	0	10
Return on assets	0,077	0,301	-4,00	1,06
Before-tax profit	311,4	-2501,1	1056,6	31654,0
State budget contribution	228,7	1336,7	0,001	19608,6
In industrial zone	0,165	0,372	0	1
Export and import activities	0,487	0,501	0	1
Age of firms	33,471	14,910	5	68
Total assets	3180,3	14751,3	0,01	148105,5
Total employees	1087,4	2217,8	300,5	29601,5
Agriculture	0,014	0,120	0	1
Industry	0,628	0,484	0	1
Service	0,357	0,480	0	1
Leverage	1,183	-0,522	0,04	2,54
Observations	254			

Source: Calculated from surveyed sample

<Annex 2> Enterprise Governance and Performance

	Agriculture		Industry		Service		Total	
	No	Dual	No	Dual	No	Dual	No	Dual
ROA (%)	2,4		6,3	10,5	12,6	-1,6	8,4	6,3
BTP (bil, dong)	1,3		545,9	64,6	284,0	91,0	442,2	73,9
SBC (bil, dong)	11,1		274,5	226,9	236,7	110,5	255,3	185,3
	<i>Female CEO</i>	<i>Male CEO</i>	<i>Female CEO</i>	<i>Male CEO</i>	<i>Female CEO</i>	<i>Male CEO</i>	<i>Female CEO</i>	<i>Male CEO</i>
ROA (%)		2,4	1,7	8,3	-5,8	11,2	-2,9	9,1
BTP (bil, dong)		1,3	5,2	399,9	397,2	171,8	245,4	319,8
SBC (bil, dong)		11,1	15,0	275,2	326,7	154,0	206,0	231,6

Source: Computed from the surveyed data

<Annex 3> The Pearson Correlation Matrix and Variance Inflate Factor

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	VIF
1. Duality	1												1.11
2. Size of board	-0.0779	1											1.6
3. Gender of CEO	-0.068	0.0146	1										1.1
4. Executive board	-0.1846*	0.2572*	0.0075	1									1.3
5. Independent board members	-0.1779*	0.4904*	0.004	-0.0497	1								1.61
6. Age of firms	0.0794	0.0875	0.1493*	-0.0077	-0.0269	1							1.07
7. Total assets	-0.0527	-0.1038*	-0.0458	-0.007	0.0425	-0.1352*	1						1.17
8. Leverage	0.1066*	0.0284	-0.0805	0.1436*	-0.0958	-0.0439	0.2073*	1					1.25
9. Export and import activities	-0.0188	0.0557	0.0254	0.0302	-0.0506	0.0499	0.1447*	-0.0226	1				1.21
10. In industrial zone	0.0319	0.0054	0.0628	0.2913*	-0.2436*	0.0654	0.007	0.1160*	0.3374*	1			1.37
11. Agriculture	-0.0911	-0.0176	0.043	-0.0505	0.0256	-0.0018	-0.0632	-0.084	-0.0575	-0.055	1		1.06
12. Industry	0.0214	0.079	0.1771*	0.1210*	0.0155	0.0252	0.0017	0.2424*	0.2271*	0.2771*	-0.1573*	1	1.32

* means the coefficients are statistically significant at the 5% level.

Source: Calculated from surveyed sample