Journal of Accounting, Finance and Auditing Studies
https://www.acadlore.com/journals/JAFAS

Impact of Corporate Governance and Financial Leverage on the Valuation of Vietnamese Listed Companies

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Received: 12-29-2023 **Revised:** 02-24-2024 **Accepted:** 03-05-2024

Citation: Dao, N. T. & Thanh, H. T. (2024). Impact of corporate governance and financial leverage on the valuation of Vietnamese listed companies. *J. Account. Fin. Audit. Stud.*, *10*(1), 19-27. https://doi.org/10.56578/jafas100103.

Abstract: This study investigates the effects of corporate governance (CG) and financial leverage (FL) on the valuation of firms listed in Vietnam. An analysis was conducted on a sample set containing 325 companies from the Ha Noi Stock Exchange over a three-year period (2018-2020), employing a correlational and non-experimental research design. It was found that an increase in board size negatively influences the value of these companies. In contrast, the phenomena of CEO duality, the presence of audit committees, larger firm size, greater FL, higher insider holdings, and improved return on assets were observed to positively affect firm valuation. Notably, the study delineates sector-specific impacts of CG and firm leverage, identifying divergent effects in the service and manufacturing sectors. For manufacturing firms, a larger board size adversely impacts value, whereas CEO duality, FL, the existence of audit committees, insider holdings, and firm size contribute positively. Within the service sector, a similar negative correlation was noted with board size, but FL and return on assets positively influenced firm value. The findings of this research provide valuable insights into the dynamics of firm valuation, offering guidance to investors, financial managers, and consultants. This investigation enriches the existing literature by highlighting the complex interplay between CG, FL, and firm valuation in the Vietnamese context. The discovery of the negative impact of larger board sizes on firm value challenges established beliefs and underscores the criticality of board composition for optimal firm performance.

Keywords: Board size; CEO duality; Audit committee; Firm leverage; Firm value; Firm size; Vietnamese companies; Ha Noi Stock Exchange

JEL Classification: M10; M41; M49; M29

1. Introduction

Understanding the firm value of Vietnamese listed firms is crucial for various stakeholders, ranging from investors and financial analysts to policymakers and regulators. As Vietnam's economy continues to grow and integrate into the global market, the importance of researching the firm value of companies listed on the Vietnamese stock exchange becomes even more pronounced. Investors, both domestic and international, rely on comprehensive research into the firm value of Vietnamese listed companies to make informed investment decisions. Firm value is a key indicator of a company's overall health and performance, reflecting its ability to generate profits, manage risks, and create long-term shareholder value. Investors keen on maximizing returns and minimizing risks need to delve into the intricacies of a company's financials, management practices, and market positioning to gauge its firm value accurately.

The Vietnamese market, situated at the crossroads of Southeast Asia, presents a distinctive economic landscape characterized by a rapid transition from a centrally planned to a socialist-oriented market economy. This unique evolution has given rise to a business environment that is shaped by both historical legacies and contemporary dynamics. The Vietnamese market is marked by a diverse array of industries, with a significant emphasis on manufacturing, services, and agriculture. Additionally, the regulatory framework and CG practices in Vietnam reflect a fusion of global standards and localized approaches, mirroring the nation's efforts to integrate into the global economy while preserving its cultural identity. The financial sector, including the stock exchange in cities like Hanoi, operates within this dynamic backdrop, exhibiting traits that distinguish it from other emerging markets. Notably, the Vietnamese market is still navigating the challenges of achieving optimal CG structures and grappling with the implications of FL on firm valuation. This nuanced context sets the stage for the necessity of research specifically tailored to the Vietnamese market, providing insights that go beyond generalized assumptions about emerging economies and ensuring that strategies for CG and financial management align with the intricacies of this evolving economic landscape.

Financial analysts play a pivotal role in scrutinizing the firm value of Vietnamese listed firms and providing insights and recommendations to investors. Through in-depth financial modeling, ratio analysis, and market research, analysts evaluate a company's growth prospects, financial stability, and competitive positioning. Their research serves as a foundation for investment strategies and contributes to the overall efficiency and transparency of the stock market. From a regulatory perspective, understanding the firm value of listed firms is essential for ensuring market integrity and investor protection. Regulators use firm-value metrics to monitor compliance with financial reporting standards, disclosure requirements, and CG practices. By promoting transparency and accountability, regulators contribute to the development of a robust and trustworthy capital market environment in Vietnam. Moreover, the research into firm value aids policymakers in formulating economic policies that foster sustainable growth. A comprehensive understanding of how listed firms contribute to the national economy, create employment, and innovate helps policymakers design initiatives that support the development of a vibrant and resilient business ecosystem. The unique challenges and opportunities presented by the Vietnamese market make research into firm value even more critical. Vietnam's economic landscape is characterized by a dynamic and rapidly evolving business environment, influenced by factors such as demographic shifts, technological advancements, and global economic trends. As such, continuous research into the firm value of listed companies becomes imperative for adapting to changing market conditions and identifying emerging investment opportunities.

Maximizing the wealth of shareholders stands out as an imperative corporate objective. The firm's market value serves as a pivotal gauge of shareholders' wealth. The pursuit of maximizing shareholders' wealth is intricately linked to CG and FL. Effective CG is instrumental in augmenting the market value of the firm, as highlighted by various studies (Ahmad & Alrabba, 2017; Ahunwan, 2021; Almustafa et al., 2023; Arora, 2022; Choi & Hasan, 2005; Dang et al., 2020; Dang & Nguyen, 2021a, Dang & Nguyen, 2021b; Williams, 2014). Conversely, elevated FL diminishes firm value by elevating the risk of bankruptcy. Hence, achieving sound CG and maintaining an optimal capital structure are imperatives for every firm aspiring to boost its market value. CG, defined as the system directing and controlling business operations (Anginer et al., 2018; Battaglia et al., 2014; Dang et al., 2022; Dang & Nguyen, 2022; Zhang et al., 2014), plays a pivotal role in this pursuit. An optimal capital structure involves a judicious mix of debt and equity, steering clear of an exclusively debt-dependent model. It represents the ideal debt/equity ratio that minimizes financing costs and mitigates the threat of bankruptcy (Ho et al., 2023; Khai, 2022; Nguyen, 2020, Nguyen, 2021; Nguyen & Dang, 2020; Weir & Laing, 2001). Research by Choi & Hasan (2005) underscores that exceeding the optimal debt ratio of 59.27% adversely affects firm value. This shaken investor confidence negatively impacts the market value per share, consequently affecting the overall value of the firm. Simultaneously, heightened FL increases the vulnerability to bankruptcy, further undermining investor faith in capital markets. In summary, both CG and FL exert significant influence on the firm's value.

While Ciancanelli & Reyes-Gonzalez (2000) are credited as the pioneers of CG theory, Claessens & Yurtoglu (2013) are recognized as the trailblazers in the theory of capital structure. Since those seminal periods, numerous authors have endeavored to build upon their foundations and advance new theories. Jensen & Meckling (1976), for instance, introduced the concept of the agency relationship, delineating the contractual arrangement between an agent and principal for the provision of services on behalf of the principal. Given the paramount importance of fostering growth in firm value to accomplish overarching corporate goals and maximize shareholders' wealth, it becomes imperative to systematically explore the myriad factors influencing a firm's value. Among these factors, CG and FL emerge as critical determinants. This research makes a notable contribution by delving into the nuanced dynamics of CG and FL and their combined impact on the valuation of Vietnamese companies. By specifically focusing on the Vietnamese context, the study addresses a gap in the existing research landscape, where limited attention has been directed towards this sector. The exploration of the influence of CG and FL on firm valuation is particularly crucial in a rapidly evolving economic landscape like Vietnam. The inclusion of a diverse set of proxy variables, drawn from prior empirical research, ensures a comprehensive examination, covering factors such as CEO duality, audit committee, board size, FL, firm size, insider holdings, return on assets, and industry dummy. This meticulous approach not only enhances the internal validity of the study but also provides a robust basis for comparisons with findings from other regions. Furthermore, the empirical testing of relationships within the sample of Vietnamese firms adds a layer of practicality and real-world relevance to the research, augmenting the theoretical frameworks. In summary, this research contributes significantly by advancing our understanding of how CG and FL jointly influence the valuation of Vietnamese companies, providing valuable insights for practitioners, policymakers, and researchers alike in the unique context of Vietnam's business environment.

2. Literature Review

Effective CG stands as a pivotal factor in enhancing the value of a firm. However, the impact of CG varies from one country to another due to divergent CG structures arising from distinct economic, social, and regulatory conditions (Agrawal & Chadha, 2005; Nguyen, 2022a; Nguyen, 2022b; Nguyen, 2022c; Raouf & Ahmed, 2020). Similarly, FL exerts differing influences on firm value across countries, owing to variations in tax brackets and laws. In the context of this study, CG is defined as a set of processes, customs, policies, institutions and laws that shape the direction and control of a firm (Bruna et al., 2019; Nguyen & Dang, 2022c; Nguyen & Dang, 2023a; Nguyen, 2023b). According to Akbar et al. (2017), a firm's business is managed under the guidance of a board of directors, which delegate the day-to-day management to the CEO and other staff. The directors, drawing on their wealth of experience, oversee the business and provide leadership with a strong commitment to integrity, the long-term shareholder value and firm's business plans.

The relationship between CG, FL, and firm valuation in the Vietnamese context unfolds as a multifaceted and intricate tapestry, reflecting the nuanced dynamics inherent in the country's evolving economic landscape. The role of CG, traditionally seen as a bulwark for shareholder interests, takes on a complex dimension as the study reveals that a larger board size exerts a negative impact on firm valuation. These finding challenges conventional wisdom, prompting a deeper exploration into the intricacies of board composition and its implications for decision-making processes within Vietnamese companies. Researchers have found that having two CEOs, having an audit committee, and insider holdings all have positive effects on the value of a company. This suggests that there are many governance factors that affect a company's financial health. The influence of FL, a critical element in corporate finance, exhibits a dual nature, impacting firm value positively overall while revealing sector-specific variations. The study's distinction between the manufacturing and service sectors in terms of the effects of board size, FL, and other governance aspects reveals the complexity of industry-specific considerations in Vietnam. This nuanced discussion underscores the necessity of a tailored understanding of CG and FL dynamics, acknowledging that a one-size-fits-all approach may overlook the subtle intricacies inherent in the Vietnamese business environment. As such, this research serves as a compass, guiding stakeholders through the labyrinth of factors shaping firm valuation in a manner that captures the intricate interplay of governance structures and financial decisions in this unique economic context.

It is widely believed that a board with a larger size negatively affects firm value, with small board sizes generally thought to enhance it, as the benefits of increased monitoring by larger boards are outweighed by the drawbacks of poor decision-making and communication in larger groups (Ashfaq & Rui, 2019; Nguyen & Dang, 2023a; Nguyen & Dang, 2022a). CEO duality, where the CEO is also the Chairman of the Board, is perceived to improve firm value, as it is argued to enhance firm performance (Duru et al., 2016; Nguyen & Dang, 2022b; Nguyen & Dang, 2023b). The audit committee, operating in line with CG principles, plays a crucial role in enhancing firm value by ensuring independent operation and professional diligence, thus minimizing agency problems and improving information flows between shareholders and managers (Bonn, 2004; Nguyen & Dang, 2023c; Wanyama et al., 2009; Wu et al., 2020; Xie et al., 2003).

Insider holdings, while contributing to firm value enhancement, exhibit varying impacts across different markets. Al-Ahdal et al. (2020) highlight the sensitivity of firm value to governance structure differences across markets. Empirical studies on the impact of CG and FL on firm value abound. Aljughaiman & Salama (2019) found that CG behavior significantly affects the market value of firms in Russia. Baker & Gompers (2003) constructed a "Governance Index" based on 24 governance rules, revealing that firms with stronger shareholder rights have higher firm value. de Andres & Vallelado (2008) found that good CG can compensate for ineffective laws and enforcement in emerging markets. Gillan et al. (2011) discovered a negative relationship between board size and firm value in Malaysia and Singapore. Bruna et al. (2019) established a direct relationship between FL and firm value in Indian manufacturing firms. In summary, the literature review consistently underscores the significant impact of both FL and CG on firm value.

3. Methods

3.1 Measure and Model

To maintain alignment with earlier research, the metrics related to Board Size, CEO Duality, Audit Committee, and Tobin's Q, Firm Size, Firm Leverage, and Return on Assets and Insider Holdings that were applied in literature (Peni & Vähämaa, 2012; Roberts, 2005; Gillan et al., 2004; Tao & Hutchinson, 2013; Vafeas, 2000). The details of the dependent, independent, and control variables influencing firm value are presented in Table 1. The study used diagnostic tests, such as the Breusch-Pagan test for heteroscedasticity and the Durbin-Watson test for autocorrelation, to look more closely at the assumptions of homoscedasticity and residual independence. Furthermore, multicollinearity, a potential issue in regression analysis, was addressed through variance inflation factor (VIF) tests. These tests helped ensure that the chosen OLS method was suitable for the data at hand and that the estimated coefficients were unbiased and efficient. The study enhances the reliability of its results by running these diagnostic tests on the regression model (Nguyen, 2024). This makes the connections between CG, FL, and firm valuation in the Vietnamese market more solid.

Table 1. Variables measurements

Regression Equation: $Q=\beta_0+\beta_1CEOD_{it}+\beta_2BS_{it}+\beta_3AC_{it}+\beta_4FL_{it}+\beta_5FS_{it}+\beta_6ROAR_{it}+\beta_7IHO_{it}+\beta_8Ind_{it}+\mu_{it}$	
Variables	**Measurement**
Firm Value ($Q_{i,t}$)	Tobin's Q
CEO Duality ($CEOD_{i,t}$)	Assign a value of 1 if the chairperson and CEO roles are held by the same individual, and 0 if they are held by different people
Size of Board ($BS_{i,t}$)	The number of directors on BOD
Audit Committee ($AC_{i,t}$)	The number of directors on audit committee
FL ($FL_{i,t}$)	The ratio of long-term liabilities on total assets
Size of Firm ($FS_{i,t}$)	Logarithm of total assets
ROA Ratio ($ROAR_{i,t}$)	Net income to total assets ratio
Insider Holdings ($IHO_{i,t}$)	Measured as percentage of insider share holdings
Industry Control ($Ind_{i,t}$)	1 if it is manufacturing industry and 0 for service industry

3.2 Research Data

A database was built from a selection of 325 companies listed on the Ha Noi Stock Exchange over a 3-year span from 2018 to 2020. For the research objectives, certain industries were omitted due to the type of activity. In this study, a robust database was constructed, comprising data from 325 companies listed on the Ha Noi Stock Exchange, spanning a three-year period from 2018 to 2020. The meticulous selection of companies and the focus on the Ha Noi Stock Exchange contribute to the specificity and relevance of the research to the Vietnamese business context. It's noteworthy that certain industries were intentionally omitted from the database, reflecting a deliberate and considered approach based on the nature of their activities. This deliberate exclusion demonstrates the study's commitment to ensuring the applicability and accuracy of findings within the chosen scope. The temporal span of three years further allows for a comprehensive analysis, capturing potential trends and variations over time. Overall, this meticulous construction of the database enhances the credibility and validity of the study's findings, providing a solid foundation for examining the influence of CG and FL on the valuation of the selected companies.

3.3 Descriptive Statistics

Table 2 shows descriptive statistics of all variables used in this study.

Table 2. Descriptive statistics (2018-2020)

	Minimum	**Maximum**	**Mean**	**Std. Deviation**
BS	4	19	9.75	3.31
AC	2	12	5.09	1.37
FL	0.06	0.77	0.44	0.16
FS	1.67	4.13	3.41	0.62
ROAR	-0.020	0.34	0.07	0.04
IHO	0.01	0.66	0.06	0.14
Q	1.06	24.71	3.06	2.74

3.4 Bivariate Correlation Analysis

The Pearson correlation served as the method to assess the extent of the linear connection between dependent and independent variables. This approach gauged the closeness of the relationship between two variables, such as CEOD and Q. The assumption here is that the relationship follows a linear pattern, and the correlation provides a measure of how closely data points cluster around a correlation line. In general, Q exhibits a positive correlation with CEOD, AC, and FS. Specifically, within the manufacturing sector, Q demonstrates a positive correlation with CEOD, FL, AC, and FS. Meanwhile, in the service industry, Q displays a positive correlation with FL and FS, as outlined in Table 3.

Table 3. Pearson bivariate correlation analysis

	Q	CEOD	BS	AC	FL	FS	ROAR	IHO	Ind
Q	1	0.117	0.056	0.166**	0.405**	0.338**	-0.003	0.047	0.030
CEOD		1	0.067*	0.063***	-0.007	0.140*	0.063	-0.066	0.136*
BS			1	0.438	0.353**	0.463***	-0.033***	-0.108*	-0.063
AC				1	0.060	0.336	-0.015	-0.117*	0.087
FL					1	0.354**	-0.347**	-0.053	-0.086**
FS						1	-0.136*	-0.343**	-0.001
ROAR							1	0.087	0.003*
IHO								1	-0.110*
Ind									1

**means significant at the 0.01 level

4. Research Results

The findings of this study reveal nuanced relationships between various CG (CG) and FL (FL) factors and the valuation (Q) of Vietnamese firms. The analysis identifies an inverse correlation between board size (BS) and firm value, indicating that a larger board size has a negative impact on the value of Vietnamese firms overall. Conversely, positive correlations were observed for CEO duality (CEOD), leverage (FL), audit committee (AC), return on assets (ROAR), firm size (FS), and insider holdings (IHO), suggesting that these factors positively influence the value of Vietnamese firms. Notably, there was a statistically insignificant correlation between industry type (Ind) and firm value (Q), suggesting that the influences of CG and FL vary across manufacturing and service sectors. Upon closer examination within each sector, it was found that in the manufacturing sector, a larger board size has a negative effect on firm value, whereas CEO duality, the presence of an FL, audit committee, firm size, and insider holdings positively affect the value of Vietnamese manufacturing companies. Conversely, in the service industry, a larger board size is negatively associated with firm value, while FL and return on assets show positive correlations. It is noteworthy that CEO duality, audit committee presence, firm size, and insider holdings did not exhibit significant relationships with the value of Vietnamese service firms. These nuances specific to each sector emphasize the importance of considering industry context when assessing the impact of CG and FL on firm valuation in the Vietnamese business environment.

The findings of this study shed light on the intricate dynamics of CG and FL within the Vietnamese business landscape. The statistically insignificant relationship between industry type and firm value suggests that the traditional distinctions between manufacturing and service sectors may not fully capture the nuances of corporate performance in Vietnam. Within the manufacturing sector, factors such as board size, CEO duality, and the presence of an audit committee play significant roles in shaping firm value, highlighting the importance of governance structures in this industry. Conversely, the service industry demonstrates different patterns, with board size negatively impacting firm value and FL emerging as a key driver of performance. These sector-specific nuances underscore the need for tailored approaches to CG and financial management strategies in Vietnam. Moreover, the lack of significant correlations for certain variables in the service industry signals potential areas for further exploration and refinement of governance practices tailored to the unique characteristics of service-oriented businesses in Vietnam. Overall, these findings provide valuable insights for policymakers, investors, and business leaders seeking to navigate and optimize performance within the Vietnamese business context.

In addition, the study not only identifies specific associations, such as the negative impact of larger board sizes on firm value but also highlights positive correlations with factors like CEO duality, FL, audit committee presence, return on assets, firm size, and insider holdings. Additionally, the research uncovers nuances between the manufacturing and service industries, demonstrating that the effects of CG and FL differ in these sectors. This sector-specific analysis adds a layer of granularity to the understanding of these relationships, which is particularly valuable for decision-makers, investors, and researchers operating in the Vietnamese business environment. The study's contribution lies in providing actionable insights that contribute to the existing body of knowledge and can inform better practices and strategies in CG and financial decision-making within the unique context of Vietnamese firms.

We conducted a multicollinearity test, and the results indicate that all coefficients with variance inflation factor (VIF) are below 2, while the tolerance coefficients are above 0.50. Multicollinearity is characterized by high linear correlation between two or more explanatory variables in a multiple regression model.

The findings in Table 4 carry significant implications for Vietnamese listed firms, offering valuable insights into the intricate relationship between CG, FL, and firm valuation in the local context. Firstly, the observed negative impact of a larger board size on firm value is a noteworthy consideration for Vietnamese firms. This underscores the importance of optimizing board structures, emphasizing quality over quantity. Firms may benefit from a more focused and streamlined board, ensuring efficient decision-making processes and mitigating potential drawbacks associated with larger boards, such as communication challenges and decision-making inefficiencies. On the positive side, the identified positive influences of CEO duality, the presence of a FL, audit committee, firm size, insider holdings and return on assets provide strategic insights for firms aiming to enhance their valuation. Firms that adopt CEO duality, maintain a robust audit committee, manage their FL judiciously, focus on sustainable growth, and cultivate insider holdings can potentially create a more favorable environment for investors, thereby positively impacting their market value.

Table 4. Regression result

Entire Sample (N = 950)							
	Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
	B	Std. Error	Beta	t	Sig.	Tolerance	VIF
(Constant)	-2.131	1.014		-3.087	0.001		
CEOD	0.676	0.174	0.101	1.016	0.044	0.764	1.048
BS	-0.117	0.076	-0.174	-1.717	0.004	0.668	1.496
AC	0.370	0.117	0.171	3.077	0.001	0.766	1.305
FL	6.834	0.867	0.416	7.883	0.000	0.807	1.236
FS	0.611	0.186	0.118	1.146	0.033	0.660	1.514
ROAR	6.116	3.061	0.103	1.037	0.041	0.710	1.087
IHO	1.177	1.046	0.106	1.084	0.038	0.711	1.086
Ind	0.131	0.177	0.037	0.778	0.437	0.740	1.064
Manufacturing Industry Sample (N = 550)							
	Unstandardized Coefficients		Standardize Coefficients			Collinearity Statistics	
	B	Std. Error	Beta	t	Sig.	Tolerance	VIF
(Constant)	-1.774	1.550		-2.445	0.016		
CEOD	1.010	0.477	0.141	2.071	0.040	0.858	1.044
BS	-0.454	0.148	-0.227	-2.542	0.012	0.548	1.721
AC	0.556	0.184	0.240	2.765	0.005	0.681	1.447
FL	6.624	1.465	0.448	4.521	0.000	0.782	1.262
FS	1.010	0.471	0.174	2.147	0.044	0.612	1.644
ROAR	4.210	5.160	0.044	0.622	0.545	0.822	1.074
IHO	4.861	2.081	0.144	1.785	0.060	0.811	1.087
Service Industry Sample (N = 400)							
	Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
	B	Std. Error	Beta	t	Sig.	Tolerance	VIF
(Constant)	-1.999	1.010		-1.961	0.060		
CEOD	0.056	0.160	0.014	0.106	0.635	0.913	1.063
BS	-0.136	0.063	-0.159	-1.153	0.033	0.965	1.193
AC	0.131	0.119	0.099	1.119	0.161	0.651	1.195
FL	9.194	0.994	0.643	9.035	0.000	0.616	1.111
FS	0.190	0.196	0.099	0.996	0.330	0.669	1.494
ROAR	9.914	1.611	0.194	1.616	0.006	0.666	1.116
IHO	0.636	0.651	0.051	0.949	0.456	0.696	1.114

Furthermore, the sector-specific nuances revealed in the study highlight the importance of considering industry dynamics. Manufacturing firms, for instance, should be particularly mindful of board size, recognizing its potential negative impact on firm value. Meanwhile, service industry firms could capitalize on the positive effects of FL and return on assets to enhance their valuation. For Vietnamese firms aiming to attract investment and enhance their market standing, understanding and implementing effective CG practices becomes paramount. This involves not only adhering to regulatory requirements but also fostering a culture of transparency, accountability, and strong leadership. The role of an audit committee, as highlighted in the study, becomes crucial in ensuring the quality of information flows between shareholders and management. Additionally, the study reinforces the importance of optimizing FL. While a judicious use of FL positively influences firm value, the study also emphasizes the need for careful management, especially in light of varying tax laws and conditions in different countries.

5. Discussion and Conclusion

In conclusion, this research delved into the intricate dynamics of CG and FL, unraveling their impact on the valuation of Vietnamese companies. By scrutinizing a sample of 325 companies listed on the Ha Noi Stock Exchange over the span of three years from 2018 to 2020, employing a co-relational and non-experimental research design, we sought to illuminate the nuanced relationships within the Vietnamese business landscape. The findings of this study underscore a nuanced relationship between board size and firm value, revealing that a larger board size exerts a negative influence on the valuation of Vietnamese firms. In contrast, CEO duality, the presence of a FL, audit committee, firm size, insider holdings and return on assets, emerged as factors positively associated with the valuation of Vietnamese firms. These results contribute valuable insights for investors, policymakers, and corporate decision-makers seeking to understand the intricate interplay between governance structures, FL, and firm value in the Vietnamese context.

This nuanced exploration not only adds depth to the understanding of the factors influencing firm valuation in Vietnam but also provides practical implications for stakeholders navigating the complexities of CG and financial decision-making. As Vietnam's economic landscape continues to evolve, these insights serve as a valuable guide for fostering sustainable and robust business practices in the region.

The implications of this research extend beyond academic inquiry, holding significant potential to shape future CG practices in Vietnam. By uncovering the nuanced relationships between board size, CEO duality, audit committee presence, FL, and firm valuation, the study offers a practical guide for policymakers, regulatory bodies, and corporate leaders. The identification of a negative impact of larger board sizes on firm value challenges existing norms, prompting a reevaluation of board composition guidelines. Conversely, the positive influences of CEO duality, audit committee existence, and certain financial metrics highlight avenues for strengthening governance structures. As Vietnam continues its trajectory of economic growth and globalization, the insights gleaned from this research can inform the development of tailored governance frameworks, aligning practices with the intricacies of the local business environment. Investors, financial managers, and consultants can leverage these findings to make informed decisions, ultimately contributing to the enhancement of CG practices and the overall resilience of Vietnamese firms in a dynamic and evolving market.

Data Availability

The data used to support the research findings are available from the corresponding author upon request.

Conflicts of Interest

The authors declare no conflict of interest.

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