ISSN 1598-8260
韓國經濟通商學會

Journal of Economic Studies
經濟硏究 第38卷 第1號, 2020.2, pp. 29-53
https://doi.org/10.30776/JES.38.1.2

Corporate Governance and Bank Performance: Empirical Evidence from Vietnamese Listed Banks

Song-Huong Do[1] · Jae-Woo Lee[2+]

[1]Graduate Student in Doctoral Program, Graduate School of International Studies, Pusan National University
[2]Professor, Graduate School of International Studies, Pusan National University

Abstract

Corporate governance is considered to be one of the most critical factors influencing corporate performance. In the banking sector, corporate governance is important as banks play a specific role in the economic system by facilitating capital allocation and minimizing risk for businesses. Therefore, more and more studies focus on measuring the relationship between corporate governance mechanisms and corporates performance. This empirical study analyses the effect of corporate governance on the performance of listed banks in Vietnam from 2007 to 2017. The results indicate that audit quality and leverage have positive effects impact on bank performance while state-ownership and bank age negatively associated with bank performance. However, board independence and bank size have no impact on bank performance. This study adds to the limited number of studies on the corporate governance of banks in emerging economies.

Key Words: Corporate governance, bank performance, Vietnamese listed banks

JEL Classification: G21, G30, G32, G38

Contents

+ Corresponding Author: Jae-Woo Lee, 2, Busandaehak-ro 63beon-gil, Geumjeong-gu, Busan, South Korea, 46241, Tel: +82-51-510-3727, Email: aggieljw@naver.com

접수일: 2020.01.07 / 수정일: 2020.02.12 / 게재확정일: 2020.02.18

I. Introduction

Due to the wave of corporate scandals in the last decades, there is a growing body of literature that recognizes the importance of corporate governance (Binh & Giang, 2012). The Basel Committee on Banking Supervision (BCBS) believes that corporate governance is necessary to guarantee a sound financial system and a country's economic development (Andres & Vallelado, 2008a). It is worth mentioning that the 2007 - 2008 financial crisis was blamed for failures in corporate governance (Fernandes, Farinha, Martins, & Mateus, 2017), and bank failure may have more serious consequences than any other sector (Lemonakis, Malandrakis, Garefalakis, & Balla, 2018).

Banking is the core of the financial system, which has an important role in attracting deposits then providing credits to borrowers, services to customers, and boosting economic development (Ngo, 2012). Before the Doi Moi revolution in 1986, the Vietnamese banking system was not market-oriented. There was only the State Bank of Vietnam acting as a government's budget tool. Until 1990, with two important decrees namely Decree on Banks, Credit cooperative and Financial companies, the mono-bank system split into a two-tier banking system which provided more effective intermediation of financial resources (Oh, 1999). In addition, Binh & Giang (2012) pointed out that international competition and the need for structural changes adding extra pressure to examine the determinants of bank performance from a corporate governance viewpoint. Therefore, the performance of banks is becoming a key instrument (H. Vu & Nahm, 2013), and has always been of particular interest to policymakers and researchers worldwide since banks are vital for a country's growth and development prospects. The soundness of the financial and banking system ensures the effective and efficient allocation of resources in an economy (T. P. T. Nguyen, Nghiem, Roca, & Sharma, 2016).

The unique nature of banks and their importance to the economy make corporate governance problems highly specific. According to Cochran et al. (2018), both academics and practitioners consider corporate governance as an important determinant of bank performance. Similarly, previous empirical studies have confirmed the relationship between corporate governance and banks' performance (Thuy & Duc, 2013). It cannot deny that sound corporate governance is not only a prerequisite condition to achieve the corporate's objective (Binh & Giang, 2012), but also an assurance to transparency and maximization of shareholders' value and wealth.

Better knowledge of how financial institutions, in particular banks, are governed and how their governance affects performance is crucial. Many empirical studies e.g., (Love & Rachinsky, 2015; Kang & Shivdasani, 1995; Adams & Mehran, 2012) have conducted to investigate the relationship between corporate governance and bank performance. However, this kind of study mostly have been analyzed in developed countries such as European countries or the United States, but quite rare in the context of emerging or transitional countries. Indeed, corporate governance principles adopted in each country are the result of different complex systems of rules, acts, norms (Demise, 2006). Moreover, Fernandes et al (2018) noted that previously published studies in this topic often excluded financial firms. Turning the point towards the Vietnamese economic environment, the relationship between corporate governance and bank performance has received little attention (Binh & Giang, 2012).

Although corporate governance is very important for the banking sector in Vietnam, research on this issue is still limited. Assessment reports of corporate governance in Vietnam (World Bank, 2006; Cung & Scott, 2005) have concluded that Vietnam has not materially observed most of OECD corporate governance principles; regulations in corporate governance have not complied well in Vietnam. Other studies such as Quach (2008) and Le (2009) have found that corporate governance has an impact only on non - financial firm performance. The state research project in building a corporate governance index (C.G.I) by Tu et al. (2014) has initially proposed indicators and methodology to calculate CGI for Vietnam. However, there is no formal corporate governance index for the banking industry in Vietnam until now.

Addressing this research gap, the objective of this study is to examine the impacts of corporate governance factors such as board independence, audit quality, state ownership, together with bank size, bank age and leverage on the performance of listed banks in Vietnam. Assessing the impact of corporate governance on banks' performance in Vietnam is very important from many points of view. Though banking systems of Vietnam have a short history (Cochran et al., 2018), within the past few years, there is an expansion in number, size, and quality service. Despite the above development, Vietnam is far from being a financially deepened country (Oh, 1999) as well as the financial sector suffers from a lack of technical infrastructure. Also, there is an increase in competition in the banking industry thus Vietnamese banks have to look for ways to increase their performance (Waal, Duong, & Ton, 2014). Taken together, these results of this study suggest that there is an association between audit quality, leverage, state-ownership and bank age with bank performance in the Vietnam context which has important implications for corporate governance of banks in emerging economies.

The rest of this paper is organized as follows: Section 2 reviews related literature in terms of corporate governance and bank performance. The method and data used for analysis are described in section 3. Section 4 presents the results and discussion, while the conclusion is in section 5, following by recommendations and implications.

II. Literature review & Hypothesis

1. The link between corporate governance and bank performance

Corporate governance has been defined based on firms' procedures and management. Corporate Governance is firstly stated as "Rules, standards, and organizations in an economy that governs the behavior of corporate owners, directors, and managers and defines their duties and accountability to outside investors" (Prowse, 1998; Brogi & Lagasio, 2018).

One of the most standardized documents addressing the issue of corporate governance that should take into account is OECD principles produced in 1999 and then revised in 2004. It says: "Corporate governance involves a set of relationships between an organization's management, its board, its shareholders and other stakeholders. It provides a structure through which the objectives of a company are set as well as means of obtaining these objectives and monitoring performance is determined" (OECD Principles, 1999). Though there is no official definition of corporate governance, this is the most widely accepted. Regarding the corporate governance, board characteristics and ownership structure are the two main determinants.

A vast body of literature has revealed corporate governance as a crucial factor in bank performance (Cochran et al., 2018; Diamond & Rajan, 2009), and the first factor impacting performance is the management of the organization (Waal et al., 2014). It can argue that better corporate governance will lead to higher performance, which supported by many empirical studies such as (Black, Jang, & Kim, 2006; Klapper & Love, 2004). However, there is still mixed evidence from different analyses (Binh & Giang, 2012). For example, in the United States and Korea context, some studies demonstrate no significant relationship between board directors and bank performance (Mcfadden & Caro, 2005; Pi & Timme, 1993).

2. Hypotheses development

1) Board independence

Board independence refers to non-executive directors, who have no social or business relationship with management, will become more effective supervisors (Andres & Vallelado, (2008b); Prabowo & Simpson, (2011); Zabri, Ahmad, & Wah, (2016). The emphasis on board independence in both academic and practitioner work suggests that independent directors are better monitors of the management because they have concerns about their reputation affecting their ability to receive additional director appointments (Coles, Carey, Daniel, & Naveen, 2004; Fernandes et al., 2017). The role of external directors in management seems to be very important (De Haan & Vlahu, 2016).

Based on prior research, the relationship between independent directors and bank performance has mixed results. Some studies indicate that independent directors have less in-depth knowledge of the internal workings of the banks. They are also less likely to have the financial expertise to understand the complexity of the securitization processes (Fernandes et al., 2017).

However, most of the academic literature provides evidence that the contribution of independent directors to firm performance is positive. Rosenstein & Wyatt (1990) showed that independent managers are an efficient source of technical expertise or environmental information. Also, Pathan (2011) stated that independent directors help improve earnings quality and provide compatible compensation incentives to the managers, Vo & Nguyen (2014) referred outsiders managers as a source of skills and expertise to the board, and Haan & Vlahu (2016) insisted board independence negatively related to risk-taking thanks to their financial expertise in anticipating the prospect of market. From the perspective of stewardship theory, the relationship between board independence and bank performance probably rooted from its counsel and advice, rather than its monitoring and control activities (Adusei, 2011). Moreover, greater board independence which reduces the control of self-dealing by insiders, predicts higher share prices in emerging markets (Black, Jang, & Kim, 2006).

In Vietnam, there is a lack of external monitoring mechanisms. Therefore, independent directors appear to have an important role in reducing costs and enhancing the quality of corporate governance. Hence, the above discussion leads to our first hypothesis:

(H1): Board independence positively associate with bank performance

2) Audit quality

Auditing can enhance the credibility of financial information, directly support better corporate governance through transparent financial reporting (Francis, Khurana, & Pereira, 2012). As argued by Haat, Rahman, & Mahenthiran (2008) and Mitton (2002a), audit quality is also one aspect of corporate governance. Though there is no specific and clear definition of audit quality, there are two approaches to define audit quality, firstly is the probability to detect and report misstatements of auditor and secondly is the level compliance with auditing standards. Audit quality is associated with the quality of audited financial reports as higher audit quality provides greater assurance of higher financial reporting quality. Corporates audited by Big Four audit firms will have a better market performance as well as greater transparency. Several lines of evidence suggest that proper and effective audit coupled with right disclosure helps to maintain transparency of banks (Reaz & Arun, 2006), thus, banking sector requires more stringent audit practices than non - financial firms.

Another interesting fact is that all the banks in Vietnam have external auditors. Based on banking law requirements, the external auditor must be an accounting or an auditing firm. Also, in Vietnam, all the banks now do have a board audit committee. Similarly, Pham, Duong, Pham, & Ho (2017) show that Big Four auditors provide high audit quality than non-Big 4. This leads to the below hypothesis:

(H2): Big Four Auditing positively associate with bank performance

3) State Ownership

Ownership characteristics are potentially important in explaining the differences in profit efficiency. In particular, the difference in performance between private-owned and state-owned banks may be significant. A bank’s ownership structure influences its performance because shareholders have a divergent interest, consequence they have different impacts on bank behavior.

Banks in developing countries faced a high risk of misappropriation as a result of heavy government ownership, lack of prudential regulation, weak legal protection and the presence of special interest groups (Reaz & Arun, 2006). Moreover, most research on government ownership focused on developing nations and always finds unfavorable effects (de Haan & Vlahu, (2016); Barth, Caprio, & Levine, (2004); Cornett, Guo, Khaksari, & Tehranian, (2010); Micco, Panizza, & Yañez, (2007). Berger et al., (2005) find that state-owned banks tend to have poorer long-term performance, relatively low efficiency and high non-performing loans.

In Vietnam, banks have a mixture of ownership structures, such as private ownership, public ownership, joint-stock commercial banks, and mutual ownership. The Vietnamese banking system has experienced many changes since 2008, such as the amendments in ownership structure and governance. With the financial liberalization, there was a start of privatizing state-owned banks to reduce government ownership and strengthen bank capitalization. More specifically, the establishment of joint-stock banks, the privatization of the three largest state-owned banks and the issuance of the new law on credit institutions in 2010 are milestones of the changing process.

In general, Vietnam's banking sector characterized by a high level of state ownership. Thus, state ownership is considered as large shareholders with high concentration (Phung & Hoang, 2013) and banks with high state shareholding tend to have poorer performance and low profitability due to lower net interest margin, higher overhead costs. It is possible that when state ownership is highly concentrated, bank performance is eroded by the intervention of the government's political objectives. Thus, the below hypothesis is proposed:

(H3): Banks with state ownership negatively associated with performance

4) Bank-specific variables

Based on previous studies, a set of variables related to bank-specific including bank size, bank age, and leverage to account for other factors that might affect bank performance (García-Meca, García-Sánchez, & Martínez-Ferrero, 2015).

Bank size identifies the difference in bank structure, is measured by the natural logarithm of the bank's total assets. Large banks can take advantage of opportunities to have different sources of income (Mamatzakis, Zhang, & Wang, 2017). Similarly, in their research Miller & Noulas, (1996) found a significant positive relationship between bank size and performance. This may explain by the economy of scope that larger banks are better able to reach their optimal mix of outputs. A broader perspective has been adopted by Bonin, Hasan, & Wachtel, (2005) who found that larger banks can also benefit from economies of scale, then have higher returns.

(H4): Bank size is positively related to bank performance

Bank age is represented by the natural logarithm of the year since establishment. This is used as a proxy for the time a bank has been in business. The impact of the age factor on bank performance presents mixed results. On the one hand, with more experience, older banks should give operational advantages over their inexperienced counterparts in general. In 2011, Adusei et al demonstrated that resulting from the learning effect, a bank has been in business for long should perform better than a new bank. It means the increase in years of operation leads to an increase in profitability. Likewise, as banks grow older, they get to know their customers better, manage their operation better and become more capable (Isik & Hassan, 2003).

On the other hand, it is also clear that beyond a certain point age could influence bank performance negatively (Agyei & Marfo-Yiadom, 2011). Generally, it takes a new bank about nine years to catch up with established banks, and the bank profitability stops improving after nine years (Deyoung & Hasan, 1998). To some extent, being old might be related more with bureaucracy and clumsy formal organization forms rather than with learning by doing.

The above discussion leads to our hypothesis:

(H5): Bank ages are positively associated with bank performance

In Vietnam, state-owned commercial banks were established earlier than other listed banks. Therefore, the next hypothesis we would like to test is:

(H5-1): State-owned commercial banks with higher age are positively associated with bank performance.

Leverage is the ratio of total debt over equity. A survey of the empirical literature on the relationship between leverage and bank performance shows a lack of consensus. This is due to firstly the differences in performance measures and secondly the influence of the institutional framework of each nation. Some analysts, e.g., Mitton (2002b) and Friedman, Johnson, & Mitton (2000), have attempted to indicate that higher debt naturally leads to lower stock returns because weak corporate governance could have correlated with higher debt levels.

On the contrary, Ross et al. (2007) foster that debt is a credible signal of the quality of firms, in particular, the more profitable firms, the more acquired debt. Thus a positive relationship between leverage and bank performance would mean that international differences in access to credit result in competitiveness advantages (Weill, 2008). Besides, Jensen & Meckling (1976) stated that there is an incentive effect associated with highly leveraged firms, which based on the theoretical perspective, this impact is rooted in the binding nature of a financial debt raising the pressure on managers to perform. Additionally, according to Modigliani - Miller theorem, there are three methods that a company can choose to finance including borrowing, spending profits and issuance of shares. And the firm still has good performance whether it is financed by equity, debt or a combination of the two. This view is supported by D.Hart (1985) that management can use debt to pre-commit itself in such a more productive way, Thaddeus & Chigbu (2012) that most performing firms ask for more debt, and Agyei & Marfo-Yiadom (2011) that leverage level is an agent for high performance. Hence, the following hypothesis is:

(H6): Banks with high leverage positively associated with performance

Moreover, to provide a useful addition of a banking environment to the literature, this paper investigates the link among state-owned commercial banks, leverage, and bank performance. Because in transitional economies like Vietnam, state-owned commercial banks may be controlled by politicians and bureaucrats who use the banks to maximize their own political and personal objectives. In general, state-owned commercial banks tend to have low growth and poor performance due to political goals and soft budget constraints (Firth, Lin, & Wong, 2008).

(H6-1): State-owned commercial banks with higher leverage ratio are negatively associated with bank performance

3. Bank performance

In this study, bank performance, a dependent variable, is measured by Return on Equity (ROE). ROE is the common accounting-based indicators for bank performance (Cochran et al., 2018; Baysinger & Butler, 1985). It is one of the most important predictors of an institution’s financial performance.

ROE is the closest measurement of return to shareholders’ investment, calculated by taking net income available to common shareholders divided by common equity. In addition, ROE also accounts for the leverage ratio, in other words, the risk appetite of shareholders (Binh & Giang, 2012). With regard to the effect of the return-on-equity (ROE) ratio on efficiency, it is generally accepted that banks with high ROE ratios have better performance (H. Vu & Nahm, 2013).

III. Research Method

1. Data

We selected all 9 publicly-listed banks in both Hanoi and Ho Chi Minh Stock Exchange from 2007 to 2017. Information collected from the banks' annual reports, financial statements and websites. Our dataset consists of 99 observations.

2. Regression model and measurement of variables

The below equation is used to test hypotheses developed for this study.

$$ROE_{it} = \beta_1 + \beta_2\ BI_{it} + \beta_3\ AD_{it} + \beta_4\ SO_{it} + \beta_5\ BS_{it} + \beta_6\ BA_{it} + \beta_7\ LR_{it} + \beta_8\ SO_{it}*BA_{it} + \beta_9\ SO_{it}*LR_{it} + u_{it} \quad (1)$$

$$ROE_{it} = \beta_0 + \beta_1\ BI_{it} + \beta_2\ AD_{it} + \beta_3\ SO_{it} + \beta_4\ BS_{it} + \beta_5\ BA_{it} + \beta_6\ LR_{it} + \beta_7\ SO_{it}*BA_{it} + \beta_8\ SO_{it}*LR_{it} + \varepsilon_{it} \quad (2)$$

with $\varepsilon_{it} = a_i + u_{it}$

〈Table 1〉 Concepts and Measurement of variables

Dependent Variables	Definition	Measurement
ROE	Return on equity - The ratio between the company earnings and its total equity.	Net income / stockholders' Equity
Dependent Variables	Definition	Measurement
Board Independence (BI)	Independent directors who have no social or business relationship with management.	The ratio of directors who are independent over the total members of the board.
Audit (AD)	The quality of an audit company.	Dummy variable: 1 if the bank is audited by Big Four; and 0 otherwise.
State Ownership (SO)	The ownership of state in bank' equity	Dummy variable: 1 if the bank is state-owned or partly state-owned; and 0 otherwise.
Bank size (BS)	Size of bank	Natural logarithm of total assets.
Bank age (BA)	How long bank is established	Natural logarithm of the year since establishment.
Leverage (LR)	Financial leverage	The ratio of total debt over equity.

IV. Results

Table 2 presents a summary of the descriptive statistics of the dependent variable and independent variables used in the study. The mean value of ROE is 11.58. The positive values of the mean and median of ROE suggest that most of the listed banks have positive profit.

〈Table 2〉 Summary of statistic description

	ROE	BI	AD	SO	BS	BA	LR
Mean	11.588	0.797	0.869	0.333	14.211	3.183	12.644
Median	11.816	0.818	1.000	0.000	14.256	3.044	12.323
Maximum	28.464	1.000	1.000	1.000	15.080	4.094	30.543
Minimum	0.068	0.400	0.000	0.000	12.995	2.484	2.756
Std. Dev.	6.202	0.167	0.339	0.474	0.481	0.448	4.649
# of Obs.	99	99	99	99	99	99	99

As can be seen from the table above, the mean value of board independence is 0.797 which means relatively high independence in the board of directors. Nearly 87% of banks are audited by the Big Four audit company. 3 out of 9 banks have state ownership partially.

The mean value of bank size is 14.211 and the bank age is 3.183 which is equivalent to approximately 267 trillion VND and 27 years respectively. In addition, the mean value for leverage is 12.644 which suggests that Vietnamese listed banks operated with a high level of financial leverage.

The results of the correlational analysis indicate no significant correlation among the independent variables. A maximum correlation coefficient of 0.753 is found between bank age and state ownership, suggesting that multicollinearity is not likely to be an influential factor driving the results.

After considering the extent to which variables suffer from multicollinearity, only a pooled OLS regression and random effect model (REM) are conducted because of the dummy variables, we cannot run the fixed-effect model (FEM). However, normally the OLS estimates tend to be biased therefore it is better to choose REM as the benchmark model[1].

1) Based on the theory of econometrics, we have var (w_{it}) = $\sigma^2\varepsilon + \sigma^2_u$ which means the variance in REM includes all observable and unobservable error terms. It is generally believed that σ^2_u differs from 0, thereby the REM estimators are more efficient in explaining the research model.

Table 3 shows that the coefficient of Audit in the model is 10.275 and is significant at the 1% level. This result indicates a significant positive relationship between bank performance and audit quality, which supports H2. The coefficient for State-ownership is -83.629, which supports H3 and indicates a negative relationship between bank performance and state-ownership.

〈Table 3〉 Multiple regression results

Variables	Pooled OLS	REM
(Constant)	37.598 (27.311)	37.598 (26.423)
BI (H1)	1.768 (4.389)	1.768 (4.247)
AD (H2)	10.275*** (1.993)	10.275*** (1.928)
SO (H3)	-83.629*** (12.667)	-83.629*** (12.256)
BS (H4)	2.884 (2.404)	2.884 (2.326)
BA (H5)	-27.839*** (3.614)	-27.839*** (3.497)
LR (H6)	0.425*** (0.145)	0.426*** (0.141)
SO* BA (H5-1)	29.308*** (3.850)	29.308*** (3.725)
SO* LR (H6-1)	-0.415** (0.214)	-0.415** (0.208)
R^2	0.598	0.598
F-statistic	16.722***	16.722***

*, ** and *** denote that coefficients are significant at the 10%, 5%, and 1% level respectively. Values in parenthesis indicate standard errors.

The regression results of H1 and H4 are not significant, though they show a positive sign as expected. In addition, the results suggest a significant negative relationship between bank age and bank performance which does not support H5. However, when we add State-ownership as a moderate variable then bank age and bank performance present the expected sign of coefficients. Besides, a significant positive relationship between leverage and bank performance, and a significant negative relationship among leverage, state-ownership, and bank performance supporting H5-1 and H6-1.

The R^2 is 59.8 percent, meaning that 59.8% of the variation of bank performance is explained by the effects of 6 factors in this model. Analysis of ANOVA variance showed that F = 16.72 and statistically significant (Sig. = 0.000) proving that the regression model is consistent with variables in the analysis.

V. Discussion and Conclusion

1. Discussion

Prior studies on corporate governance have focused on banks from developed countries. Little is known about the corporate governance of banks in emerging economies, such as Vietnam. The above findings add another empirical evidence of the positive impact of corporate governance on bank performance in Vietnam.

Board Independence: concerning the number of independent members on the board of directors, it turns out to have positive but no significant impact on bank performance. This is contradicting to a few previous findings that show some evidence of a negative relation between board independence and performance e.g., Pathan (2011); Adusei (2011); Vo & Nguyen (2014); Pathan & Faff (2013).

As mentioned in the literature review, bank boards are more independent than those of non-financial firms which may be a productive source of technical or environmental information (Rosenstein & Wyatt, 1990). This result is in line with prior studies including (Adams & Mehran, (2012); Tulung & Ramdani, (2018); Vallascas, Mollah, & Keasey, (2017) and Haan & Vlahu, (2016) which emphasize the vital role of independent board members in improving bank performance, but due to the information asymmetry, the opacity and complexity of measuring independence in banks in Vietnam might lead to the insignificant results.

In Vietnam, the Circular 121/2012/TT-BTC of The Ministry of Finance stipulates that independent members must meet all five requirements as follows: (1) They are non-executive members (2) They are not member of the board, director, vice director of subsidies, cooperative companies which are controlled by listed company (3) They are not large shareholders or representatives and relatives of large shareholders (4) They do not work for law consultancy or auditing firms of listed company in the most recent two years (5) They are not the suppliers or customers, which account for 30% of transaction values in the most recent two years.

That notwithstanding, this result explains the fact that independent directors are chosen for conforming to the regulatory requirements, rather than for well-perform banks. In addition, there is no compliment and cooperation between executive and non-executive on the board. These results are likely related to the fact that banks receiving bailout money had relatively independent boards, as independent directors may not always have the expertise necessary to oversee complex banking firms. Likewise, expertise disadvantage could prevent independent directors from fulfilling their monitoring function in governance (Hooghiemstra & Van Manen, 2004). This leads to the fact that independent directors might not indeed understand the nature of the business, thus their contribution to firm performance may be limited.

Audit quality: The critical role of audit quality has attracted significant scholarly attention. This study confirms that audit quality has a significant positive influence on bank performance. This result explains the fact that Big 4 auditors in Vietnam provide higher audit quality than non - Big 4 auditors (Pham, Duong, Pham, & Ho, 2017). The Big 4 auditing companies normally adapt to the quality control system, such as audit guidelines, working papers, and other technical resources, thus banks choose Big Four as their auditors tend to have better performance.

Prior studies like Haat et al. (2008); Francis et al. (2012) have noted that audit quality can enhance the credibility of financial information, and directly support better corporate governance practices through transparent financial reporting. These results are in agreement with Haat et al.'s findings in 2008 which showed higher audit quality leads to significantly higher performance. The observed correlation between audit quality and bank performance might be explained that in emerging economies, especially Vietnam, their corporate governance mechanisms are still evolving (Abdulla Al Mamun & Badir, 2014), therefore a gap between entities and the providers of capital still exists which emphasizes the role of external auditing.

State ownership: Understanding the impact of corporate governance in Vietnam is important as this type of economy has some unique governance issues which are not common in most of the developed countries (M. C. Vu, Phan, & Le, 2018). As part of privatization, when shifting from a centralized planned economy toward a market economy, the state opted to withdraw from state-owned enterprises to give firms in general and banks in particular greater autonomy. From a literature perspective, the diversity of ownership is associated with better bank performance. Therefore, a state-controlled bank dummy variable was used to represent the characteristics of Vietnamese banks. The results of this study indicate that banks with state ownership are significantly negatively related to bank performance. These results are consistent with most of the prior studies (e.g., John, De Masi, & Paci, (2016), Kiruri, (2013), Phung & Hoang, (2013) who argue that state ownership often provides worse bank performance.

Generally, state-owned commercial banks have multiple goals other than commercial considerations. T. T. M. Nguyen, Evans, & Lu (2017) provide evidence to support the view that state-controlled companies are less independent from the state in terms of business management leading to the risk of lower profitability because of state exploitation. Also, Berger et al. (2005) specified that state-owned banks have poor long-term performance in Argentina in the 1990s; Micco et al. (2007) marked that state-owned banks operating in developing countries tend to have lower profitability, lower margins, and higher overhead costs than comparable private banks; Barako & Tower (2006) argued the representative of state ownership in banks can act for their own benefits, not for the state's benefit which has negative effect on bank performance

In other words, state ownership initially decreases firm performance. This result implies that state ownership tends to have political motivation rather than market drive (Phung & Hoang, 2013), and while state ownership provides some advantages to the firm, it would destroy bank performance when it is concentrated. In the Vietnam context, concerning the impact of ownership, under the state ownership of banks, corporate governance will be affected not only by bank-specific economic and financial factors but also by the banks' politically such as determined lending policies.

Bank size: As mentioned in the literature review, bank performance is also determined by bank size, a proxy for bank structure. The larger the bank, the more capable it is of influencing the market and thus the higher its performance will be (Nhung & Okuda, 2015). On the question of the relationship between bank size and bank performance, this study found a positive but not statistically significant correlation between these two factors.

This finding supports the previous studies (Utama & Musa, (2011); Agyei & Marfo-Yiadom, (2011); Mitchell A. Petersen & Raghuram G. Rajan (1997); Black et al., (2006) that find a positive relationship between bank size and bank performance. This result explained by the fact that the growth in bank assets base plays as the resources for banks to generate more economic benefits. Additionally, bigger banks normally receive the higher society's awareness which reduces the information asymmetry between banks and their external creditors then gradually lowers agency costs.

Bank age is a proxy of how long the bank has been in business. Because of the learning effect, the experienced quality to its customers, and even its creditworthiness to suppliers of debt and equity, bank age is assumed to have mixed results with bank performance. For the case of Vietnam listed banks, our study found that bank age significantly negatively associated with bank performance. These results reflect those of Agyei & Marfo-Yiadom (2011) who also found that, at some point, matured banks begin to experience significant negative effects on their performance. As reaching its maturity stage, bank age could influence bank performance negatively due to the problem of bureaucracy and clumsy formal organizational forms. Also, Utama & Musa, (2011) revealed that the age of banks does not have a positive effect on bank performance. Our study does not corroborate the argumentation that the age of banks yields higher experiences that are needed to increase bank performance.

The additional results are the interaction of state ownership, bank age and bank performance which shows a positive impact on bank performance. This means that in Vietnam state-owned commercial banks have better performance when they get older. State-owned banks may inherit from learning by doing meaning that it takes a long time for state-owned commercial banks to manage their operations better and become more efficient. In fact, the three state-owned commercial banks in this research are the oldest and may have more experience than the others, they know clearly about the Vietnamese financial market and customers' financial habits which helps them get better performance.

Leverage: Regarding the impact of leverage on bank performance, this empirical research shows a positive relation. It seems possible that these results are due to an increase in debt that will inhibit wasteful investment and improve corporate profitability (Nhung & Okuda, 2015). With well-structured management, leverage has the probability of enhancing the performance of banks (Thaddeus & Chigbu, (2012); Agyei & Marfo-Yiadom, (2011). So far, most of the listed banks in Vietnam keep their leverage under control which improves their performance. In general, the result reflects those of Adusei (2011) that in the changes of the technical, managerial, and financial environment, leverage plays as support for banks to perform better, and Weill (2008) that a positive relationship between leverage and corporate performance would result in competitiveness advantages. Consistent with the literature, this study suggests a positive relationship should exist between bank performance and leverage.

To provide a useful addition to the literature, this empirical evidence also examines the effect of leverage on performance under state ownership. It is interesting to note that there is a negative relationship between leverage, state-owned commercial banks, and performance. There are similarities in research conducted by the General Statistics Office of Vietnam in

2002 and 2003 that debt ratios were negatively correlated with profitability rates. Compare to private commercial banks, state-owned commercial banks had higher debt ratios (Nguyen, Tran Dinh Khoi. Ramachandran & ASEAN, 2015), but corporate profitability is not influenced by debt ratios. In addition, Nhung & Okuda (2015) indicate that the state maintains its control over banks with state ownership by providing financial supports and incentives. However, if the corporate governance of state-owned banks is not good, then these banks may use loans ineffectively. In this case, an increase in debt may worsen profitability, causing a negative relation between leverage and bank performance. In the same vein, there is a negative relation between leverage and operating performance in banks with low growth opportunities (Firth et al., 2008).

In Vietnam, based on the World Bank report in 2009, banks lent freely in the boom period which decreased their profitability. This result indicates the existence of a debt overhang problem even when banks are state-owned rather than privately owned (Firth et al., 2008). Shortly, institutional environments such as ownership matters in the relationship between leverage and bank performance.

2. Implications

Better knowledge of how corporate governance of banks impacts their performance is extremely important as it has policy implications not only at the bank-level but also at the country level. It is necessary to improve investor protection laws and increase financial disclosure. Corporate governance practices of Vietnam banks are far below international standards, though there have been many changes in regulations and restructuring projects with significant improvement in corporate governance has been seen.

For state-ownership, it is necessary to increase legal investor protection and to have policies to welcome foreign investment by relaxing the restrictions on foreign ownership in listed companies. The privatization process, controlled by the Government to gradually release its control over the enterprises and the economy, will achieve the target. The findings from this study provide important implications for Vietnam to make necessary changes in ownership structures for further economic and corporate governance reform. We document the positive impact of bank size on performance. Thus, this finding supports the central bank's policy to encourage banks to merge so they become larger. A more efficient legal system may reduce moral hazard problems, as the rules for the protection of creditor rights are more effective.

In fact, there are not enough well-trained supervisors in developing economies who typically lack political independence, which may undermine their ability to coerce banks to comply with prudential requirements and impose suitable penalties (Arun & Turner, 2004). Vietnam should launch the Information transparency and disclosure rankings system in order to strengthen corporate governance practices. Further reform is required to improve the internal control mechanisms and corporate governance systems in Vietnam.

Last but not least, while we chose approaches to maximize bank performance, it is necessary for banks to engage in corporate social responsibility which can add value, sustainability, and competitiveness. Generally, a bank perceives a good social performance by its stakeholders will improve its reputations, attract institutional investors and more easily achieve greater corporate financial performance.

3. Limitations and future research

Although this research has answered the research questions, there were some limitations and shortcomings. The current data is limited to listed banks, then we strongly suggest the following research should use a larger dataset to get more accurate and reliable data analysis. Data availability is also limited, therefore, this research examined only these six factors. In future research, other factors describing the characteristics of an effective board should be considered. Besides, the important things that should improve are using more than one dependent variable in order to represent or as a proxy of bank performance, instead of using ROE only. Therefore, we can expect more comprehensive and valuable knowledge.

The study is also limited in the sense that it relies on financial accounting reports. Financial accounting reports may easily suffer from manipulation, which might systematically undervalue assets or create distortions due to the nature of depreciation policies adopted, inventory valuation, and treatment of certain revenue and expenditure items.

References

Abdulla Al Mamun, S., Y. Badir, 2014, "Convergence of corporate governance in Malaysia and Thailand", *Journal of Accounting in Emerging Economies*, Vol. 4, No. 1, 2-21. https://doi.org/10.1108/jaee-08-2011-0027

Adams, R. B., H. Mehran, 2012, "Bank board structure and performance: Evidence for large bank holding companies" *Journal of Financial Intermediation*, Vol. 21, No. 2, 243-267. https://doi.org/10.1016/j.jfi.2011.09.002

Adusei, M., 2011, "Board Structure and Bank Performance in Ghana", *Journal of Money, Investment and Banking*, Vol. 19, No. 19, 72-84. Retrieved from http://www.eurojournals.com/JMIB.htm

Agyei, S. K., E. Marfo-Yiadom, 2011, "Dividend Policy and Bank Performance in Ghana", *International Journal of Economics and Finance*, Vol. 3, No. 4. https://doi.org/10.5539/ijef.v3n4p202

Andres, P. D., E. Vallelado, 2008, "Corporate governance in banking: The role of the board of directors", *Journal of Banking and Finance*, Vol. 32, No. 12, 2570-2580. https://doi.org/10.1016/j.jbankfin.2008.05.008

Arun, T. G., J. D. Turner, 2004, "Corporate Governance of Banks in Developing Economies concepts", *Wiley Online Library*. Vol. 12, No. 3, 371-377.

Barako, D. G., G. Tower, 2006, "Corporate governance and bank performance: Does ownership matter? Evidence from the Kenyan banking sector", *Corporate Ownership and Control*, Vol. 4, No. 2A, 133-144.

Barth, J. R., G. Caprio, R. Levine, 2004, "Bank regulation and supervision: What works best?", *Journal of Financial Intermediation*, Vol. 13, No. 2, 205-248. https://doi.org/10.1016/j.jfi.2003.06.002

Baysinger, B. D., H. N. Butler, 1985, "Corporate Governance and the Board of Directors: Performance Effects of Changes in Board Composition Corporate Governance and the Board of Directors: Performance Effects of Changes in Board Composition", *Journal of Law, Economics, & Organization*, Vol. 1, No. 1, 101-124.

Berger, A. N., G. R. G. Clarke, R. Cull, W. B. Decrg, L. Klapper, G. F. Udell, 2005, "Corporate Governance and Bank Performance: A Joint Analysis of the Static", Selection, and Dynamic https://doi.org/10.1596/1813-9450-3632

Binh, D., H. Giang, 2012, "Corporate governance and Performance in Vietnamese Commercial Banks", *Journal of Economics and Development*, Vol. 14, August 2012, 72-95.

Black, B. S., H. Jang, W. Kim, 2006, "Does corporate governance predict firms' market values? Evidence from Korea", *Journal of Law, Economics, and Organization*, Vol. 22, No. 2, 366-413. https://doi.org/10.1093/jleo/ewj018

Bonin, J. P., I. Hasan, P. Wachtel, 2005, "Bank performance, efficiency, and ownership in transition countries", *Journal of Banking and Finance,* Vol. 29. No. 1, 31-42. https://doi.org/10.1016/j.jbankfin.2004.06.015

Brogi, M., V. Lagasio, 2018, "The Big Bank Theory. Into the Bank Corporate Governance Literature", *Ssrn*, 1-39. https://doi.org/10.2139/ssrn.3126458

Cochran, P. L., S. L. Wartick, R. A. Wood, P. L. Cochran, R. A. Wood, J. Haan, S. Nistor, 2018, "Corporate governance and efficiency in banking: evidence from emerging economies", *Applied Economics*, Vol. 50, No. 34-35, 228-277. https://doi.org/10.1111/joes.12101

Coles, J. L., W. P. Carey, N. D. Daniel, L. Naveen, 2004, "Boards: Does one size fit all? Boards: Does one size fit all? Boards: Does one size fit all?", *Journal of Financial Economics*, *Jan*. Retrieved from https://media.terry.uga.edu/documents/finance/daniel.pdf

Cornett, M. M., L. Guo, S. Khaksari, H. Tehranian, 2010, "The impact of state ownership on performance differences in privately-owned versus state-owned banks: An international comparison", *Journal of Financial Intermediation*, Vol. 19, No. 1, 74-94. https://doi.org/10.1016/j.jfi.2008.09.005

de Haan, J., R. Vlahu, 2016, "Corporate governance of banks: A survey", *Journal of Economic Surveys*, Vol. 30, No. 2, 228-277. https://doi.org/10.1111/joes.12101

Demise, N., 2006, "OECD principles of corporate governance", *Corporate Governance in Japan: From the Viewpoints of Management, Accounting, and the Market*, 109-117. https://doi.org/10.1007/978-4-431-30920-8_10

Deyoung, R., I. Hasan, 1998, "The performance of de novo commercial banks: A profit efficiency approach", *Journal of Banking and Finance*, Vol. 22, No. 5, 565-587. https://doi.org/10.1016/S0378-4266(98)00025-9

Diamond, D., R. Rajan, 2009, "The Credit Crisis: Conjectures about Causes and Remedies", *American Economic Review*, Vol. 99, No. 2, 606-10. https://doi.org/10.3386/w14739

Fernandes, C., J. Farinha, F. V. Martins, C. Mateus, 2017, "Supervisory boards, financial crisis, and bank performance: Do board characteristics matter?", *Journal of Banking Regulation*, Vol. 18, No. 4, 310-337. https://doi.org/10.1057/s41261-016-0037-5

Firth, M., C. Lin, S. M. L. Wong, 2008, "Leverage and investment under a state-owned bank lending environment: Evidence from China", *Journal of Corporate Finance*, Vol. 14, No. 5, 642-653. https://doi.org/10.1016/j.jcorpfin.2008.08.002

Francis, J. R., I. K. Khurana, R. Pereira, 2012, "The role of accounting and auditing in corporate governance and the development of financial markets around the world", *Asia-Pacific Journal of Accounting & Economics*, Vol. 10, No. 1, 1-30. https://doi.org/10.1080/16081625.2003.10510613

Friedman, E., S. Johnson, T. Mitton, 2000, "Tunneling and propping", *Unpublished Manuscript, Massachusetts Institute of Technology, Cambridge, MA*.

García-Meca, E., I. M. García-Sánchez, J. Martínez-Ferrero, 2015, "Board diversity and its effects on bank performance: An international analysis", *Journal of Banking and Finance*, Vol. 53, 202-214. https://doi.org/10.1016/j.jbankfin.2014.12.002

Grossman, S., D. Hart, 1985, "Corporate Financial Structure and Managerial Incentives", *American Journal of Agricultural Economics*, Vol. 67, No. 2, 456. https://doi.org/10.2307/1240729

Haan, J., R. Vlahu, 2016, "Corporate Governance of Banks: A Survey", *Journal of Economic Surveys*, Vol. 30, No. 2, 228-277. https://doi.org/10.1111/joes.12101

Haat, M. H. C., R. A. Rahman, S. Mahenthiran, 2008, "Corporate governance, transparency, and performance of Malaysian companies", *Managerial Auditing Journal,* Vol. 23. No. 8, 744-778. https://doi.org/10.1108/02686900810899518

Hooghiemstra, R., J. V. Manen, 2004, "The independence paradox: (Im)possibilities facing non-executive directors in The Netherlands", *Corporate Governance: An International Review*, Vol. 12, No. 3, 314-324. https://doi.org/10.1111/j.1467-8683.2004.00372.x

Isik, I., M. K. Hassan, 2003, "Efficiency, ownership and market structure, corporate control and governance in the Turkish banking industry", *Journal of Business Finance and Accounting*, Vol. 30, No. 9-10, 1363-1421. https://doi.org/10.1111/j.0306-686X.2003.05533.x

Jensen, M. C., W. H. Meckling, 1976, "Theory of The Firm: Managerial Behaviour, Agency Cost and Ownership Structure", *Journal of Financial Economics*, Vol. 3, No. 4, 305-360.

John, K., S. De Masi, A. Paci, 2016, "Corporate Governance in Banks", *Corporate Governance: An International Review*, Vol. 24, No. 3, 303-321. https://doi.org/10.1111/corg.12161

Kang, J. K., A. Shivdasani, 1995, "Firm performance, corporate governance, and top executive turnover in Japan", *Journal of Financial Economics*, Vol. 38, No. 1, 29-58. https://doi.org/10.1016/0304-405X(94)00807-D

Kiruri, R. M., 2013, "The effects of ownership structure on bank profitability in Kenya", *European Journal of Management Sciences and Economics*, Vol. 1, No. 2, 116-127.

Lemonakis, C., I. Malandrakis, V. Garefalakis, V. Balla, 2018, "Corporate Governance and Internal Audit : A Review on Performance Indicators", *Interdisciplinary Journal of Economics and Business Law*, Vol. 7, No. 1, 98-119.

Love, I., A. Rachinsky, 2015, "Corporate Governance and Bank Performance in Emerging Markets: Evidence from Russia and Ukraine", *Emerging Markets Finance and Trade*, Vol. 51, S101-S121. https://doi.org/10.1080/1540496X.2014.998945

Mamatzakis, E., X. Zhang, C. Wang, 2017, "Ownership structure and bank performance: An emerging market perspective", *Munich Personal RePEc Archive*, MPRA Paper No. 80653. https://doi.org/10.1227/01.NEU.0000349921.14519.2A

Mcfadden, D. L., F. G. Caro, 2005, "Statistical Analysis of Choice Experiments and Surveys", *Marketing Letters*, Vol. 6, 183-196. https://doi.org/10.1007/s11002-005-5884-2

Micco, A., U. Panizza, M. Yañez, 2007, “Bank ownership and performance. Does politics matter?”, *Journal of Banking and Finance*, Vol. 31, No. 1, 219-241. https://doi.org/10.1016/j.jbankfin.2006.02.007

Miller, S. M., A. G. Noulas, 1996, “The technical efficiency of large bank production”, *Journal of Banking and Finance*, Vol. 20, No. 3, 495-509. https://doi.org/10.1016/0378-4266(95)00017-8

Mitchell, A. P., G. R. Raghuram, (n.d.), 1997, “Trade Credit: Theories and Evidence”, *The Review of Financial Studies*, Vol. 10, No. 3, 661-691.

Mitton, T., 2002, “A cross-firm analysis of the impact of corporate governance on the East Asian financial crisis”, *Journal of Financial Economics*, Vol. 64, No. 2, 215-241. https://doi.org/10.1016/S0304-405X(02)00076-4

Ngo, D. T., 2012, “Measuring the Performance of the Banking System: Case of Vietnam (1990-2010)”, *Journal of Applied Finance and Banking*, Vol. 2, No. 2, 289-312. https://doi.org/10.1042/BJ20061873

Nguyen, T. D. K., N. Ramachandran, 2015, “Capital Structure in Small and Medium-sized Enterprises”, *ASEAN Economic Bulletin*, Vol. 23, No. 2, 192-211.

Nguyen, T. P. T., S. H. Nghiem, E. Roca, P. Sharma, 2016, “Bank reforms and efficiency in Vietnamese banks: evidence based on SFA and DEA”, *Applied Economics*, Vol. 48, No. 30, 2822-2835. https://doi.org/10.1080/00036846.2015.1130788

Nguyen, T. T. M., E. Evans, M. Lu, 2017, “Independent directors, ownership concentration and firm performance in listed companies”, *Pacific Accounting Review*, Vol. 29, No. 2, 204-226. https://doi.org/10.1108/PAR-07-2016-0070

Nhung, L. T. P., H. Okuda, 2015, “Effects of state ownership on companies' capital structure and profitability: Estimation analysis before and after the Lehman shock”, *Journal of Asian Economics*, Vol. 38, 64-78. https://doi.org/10.1016/j.asieco.2015.04.001

Oh, S.-N., 1999, “Financial Deepening in the Banking Sector - Viet Nam”, *Rising to the Challenge in Asia: A Study of Financial Markets Asian Development Bank*.

Pathan, S., R. Faff, 2013, “Does board structure in banks really affect their performance?”, *Journal of Banking and Finance*, Vol. 37, No. 5, 1573-1589. https://doi.org/10.1016/j.jbankfin.2012.12.016

Pham, N. K., H. N. Duong, T. Q. Pham, N. T. T. Ho, 2017, “Audit Firm Size, Audit Fee, Audit Reputation and Audit Quality: The Case of Listed Companies in Vietnam”, *Asian Journal of Finance & Accounting*, Vol. 9, No. 1, 429. https://doi.org/10.5296/ajfa.v9i1.10074

Phung, D. N., T. P. T. Hoang, 2013, “Corporate Ownership and Firm Performance in Emerging Market: A Study of Vietnamese Listed Firms”, *World Business and Social Science Research Conference*, 1-16. https://doi.org/10.2139/ssrn.2332622

Pi, L., S. G. Timme, 1993, “Corporate control and bank efficiency”, *Journal of Banking and Finance*, Vol. 17, No. 2-3, 515-530. https://doi.org/10.1016/0378-4266(93)90050-N

Prabowo, M., J. Simpson, 2011, “Independent directors and firm performance in family-controlled firms: Evidence from Indonesia", *Asian-Pacific Economic Literature*, Vol. 25, No. 1, 121-132. https://doi.org/10.1111/j.1467-8411.2011.01276.x

OECD, 1999, The OECD Principles of Corporate Governance, Organization for Economic Co-Operation and Development.

Prowse, S., 1998, *Corporate governance in East Asia: a framework for analysis,* World Bank, Mimeo.

Reaz, M., T. Arun, 2006, "Corporate governance in developing economies: Perspective from the banking sector in Bangladesh", *Journal of Banking Regulation*, Vol. 7, No. 1-2, 94-105. https://doi.org/10.1057/palgrave.jbr.2340007

Rosenstein, S., J. G. Wyatt, 1990, "Outside directors, board independence, and shareholder wealth", *Journal of Financial Economics*, Vol. 26, No. 2, 175-191. https://doi.org/10.1016/0304-405X(90)90002-H

Thaddeus, E. O., E. E. Chigbu, 2012, "Analysis of Effect of Financing Leverage on Bank Performance: Evidence from Nigeria", *Journal of Public Administration and Governance*, Vol. 2, No. 4, 178. https://doi.org/10.5296/jpag.v2i4.3036

Thuy, P. B. G., V. H. Duc, 2013, "Corporate Governance and Firm's Performance: Empirical Evidence from Vietnam", *Journal of Economic Development*, Vol. 218, 62-77. https://doi.org/10.24311/jed/2013.218.08

Tu, T. T. T., N. H. Son, P. B. Khanh, 2014, "Testing the relationship between Corporate Governance and bank performance - An empirical study on Vietnamese banks", *Asian Social Science*, Vol. 10, No. 9, 213-226. https://doi.org/10.5539/ass.v10n9p213

Tulung, J. E., D. Ramdani, 2018, "Independence, size, and performance of the board: An emerging market research", *Corporate Ownership and Control*, Vol. 15, No. 2, 201-208. https://doi.org/10.22495/cocv15i2c1p6

Utama, C. A., H. Musa, 2011, "The causality between corporate governance practice and bank performance: Empirical evidence from Indonesia", *Gadjah Mada International Journal of Business*, Vol. 13, No. 3, 227-247.

Vallascas, F., S. Mollah, K. Keasey, 2017, "Does the impact of board independence on large bank risks change after the global financial crisis?", *Journal of Corporate Finance*, Vol. 44, June 2014, 149-166. https://doi.org/10.1016/j.jcorpfin.2017.03.011

Vo, D. H., T. M. Nguyen, 2014, "The Impact of Corporate Governance on Firm Performance: Empirical Study in Vietnam", *International Journal of Economics and Finance*, Vol. 6, No. 6. https://doi.org/10.5539/ijef.v6n6p1

Vu, H., D. Nahm, 2013, "The determinants of profit efficiency of banks in Vietnam", *Journal of the Asia Pacific Economy*, Vol. 18, No. 4, 615-631. https://doi.org/10.1080/13547860.2013.803847

Vu, M. C., T. T. Phan, N. T. Le, 2018, "Relationship between board ownership structure and firm financial performance in a transitional economy: The case of Vietnam", *Research in International Business and Finance*, Vol. 45, 512-528. https://doi.org/10.1016/j.ribaf.2017.09.002

Wall, A. D., 2007, "High performance organizations in the Vietnamese banking industry", *Asean Economic Jounals,* Vol. 1, No. 1, 1-26.

Weill, L., 2008, "Leverage and corporate performance: Does the institutional environment matter?", *Small Business Economics*, Vol. 30, No. 3, 251-265. https://doi.org/10.1007/s11187-006-9045-7

Zabri, S. M., K. Ahmad, K. K. Wah, 2016, "Corporate Governance Practices and Firm Performance: Evidence from Top 100 Public Listed Companies in Malaysia", *Procedia Economics and Finance*, Vol. 35, 287-296. https://doi.org/10.1016/S2212-5671(16)00036-8

기업지배구조와 경영성과: 베트남 상장은행의 실증분석

Song-Huong Do · 이재우

부산대학교 국제전문대학원

요약

기업지배구조는 경영성과에 영향을 주는 주요 요소의 하나로 간주되며, 특히 은행 부분에서는 자본 배분을 촉진하고 기업 리스크를 최소화함으로써 경제시스템의 중요 역할을 함에 따라 지배구조는 더 중요하다. 이런 이유로 은행 지배구조와 성과 간의 관계를 측정하는 연구들이 점차 늘고 있다. 이 연구에서는 2007년부터 2017년 기간의 베트남의 상장 은행을 대상으로 패널데이터를 구축하고, 기업지배구조가 경영성과에 미치는 영향에 관해 분석하고자 하였다. 회귀분석 결과에 따르면 이사회의 독립성, 감사의 품질, 은행 규모, 레버리지(부채 비율) 등이 경영성과에 정(+)의 효과를 나타낸 반면, 은행의 정부소유, 은행의 영업년수 등은 부(-)의 효과를 나타내었다. 이 연구는 소홀했던 신흥시장의 금융시장, 은행 지배구조 연구에 일조할 것으로 기대된다.

핵심주제어: 기업지배구조, 은행 성과, 베트남 상장 은행