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Do Ownership Types Matter for Firm Value? Empirical Evidence from An Emerging Market Context

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Abstract. This study examines the effect of ownership structure on firm value in Vietnam, focusing on CEO ownership, chairman ownership, foreign ownership, and institutional ownership. Using an unbalanced panel of 280 non-financial listed firms with 1,965 firm-year observations from 2017 to 2024, the results show that chairman ownership and institutional ownership exert positive and statistically significant impacts on firm value. CEO ownership has a positive but economically modest effect. Foreign ownership displays an inverted U-shaped relationship with firm value, indicating that its benefits are strongest at low to moderate levels and decline beyond an optimal threshold. The study makes several contributions. First, it simultaneously evaluates four ownership components within a unified empirical framework, whereas prior research typically investigates them separately. Second, it adds to the literature by documenting a nonlinear effect of foreign ownership on firm value, an underexplored dimension in emerging markets. Overall, the findings offer relevant implications for policymakers, firms, and investors.

Keywords: Ownership structure, CEO ownership, Chairman ownership, Foreign ownership, Institutional ownership, Firm value

JEL Classification: G32, G34, C23, F23, O16

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1. Introduction

Enterprise value serves as a critical indicator reflecting corporate performance and attractiveness to investors (Putri et al., 2023; Jonnius and Marsudi, 2021; Rodríguez-Valencia, 2025). Identifying its determinants is a focal point for scholars and policymakers, especially amid increasing market competition and deep global economic integration (Sampurna and Romawati, 2020; Vintilă, 2024). Drawing on Agency Theory (Jensen and Meckling, 1976), ownership structure is recognized as a primary factor that can either alleviate or exacerbate agency problems through three key mechanisms: (i) the degree of conflict of interest between owners and managers; (ii) the level of information asymmetry; and (iii) differences in risk appetite (Tursunov and Khayitov, 2024). While these mechanisms are central to corporate governance, their practical operation varies significantly across different ownership types and institutional landscapes, often leading to inconsistent empirical results (Din et al., 2021; Nie et al., 2022; Al-Zaidyeen and Al-Rawash, 2015).

The existing literature presents mixed evidence regarding these relationships. While moderate managerial ownership has been found to improve firm value in some contexts (Chen et al., 1993; Davies et al., 2005), other studies suggest that in emerging markets with weak investor protection, such ownership can enhance value (Lins, 2003) or lead to entrenchment. Furthermore, although institutional ownership is often associated with effective monitoring (Wei et al., 2005; Prommin et al., 2016), foreign ownership has shown nonlinear patterns in specific markets (Ferris and Park, 2005). However, some researchers note no significant impact of managerial ownership, suggesting that results depend heavily on institutional characteristics (Purba and Africa, 2019; Sulong and Nor, 2008). A notable limitation of previous studies is their primary focus on developed economies or emerging markets with institutional frameworks different from Vietnam. Many existing works analyze ownership types in isolation rather than evaluating the simultaneous impact of CEO, Chairman, foreign, and institutional ownership within a unified framework.

Vietnam provides a unique and compelling context to address these gaps. The Vietnamese capital market, featuring over 700 listed companies on the HOSE and HNX (HOSE, 2023; HNX, 2023), is

characterized by high ownership concentration (Nguyen et al., 2015; Phung and Hoang, 2016) and a substantial state presence (Kubo, 2019; Nguyen and Nguyen, 2020). Specifically, institutional ownership in our sample averages 38.85%, while foreign ownership is typically capped at 49% (Kubo, 2019). Unlike many other emerging nations, Vietnam is widely recognized as a collectivist economy (Luong, 2021; Hofstede et al., 2010; Ho et al., 2022), and this characterization is consistently supported by more recent and country-specific evidence (Ralston et al., 1999; Nguyen et al., 2006). In such a collectivist setting, individuals tend to prioritize group interests, maintain strong relational ties, and respect hierarchical structures (Nguyen et al., 2006; Ralston et al., 1999). These cultural traits encourage cooperation among economic actors but may also lead to stronger in-group alignment (Chen et al., 1998). As a result, interactions between controlling and minority shareholders are more likely to be shaped by relational considerations rather than purely formal mechanisms. This increases information asymmetry and shifts the dominant agency problem from the traditional manager–owner conflict to a principal–principal conflict.

Building on these foundations, this study aims to clarify the differentiated impacts of CEO, Chairman, foreign, and institutional ownership on firm value in Vietnam. We hypothesize that while internal and institutional monitoring generally align interests, foreign ownership may exhibit a nonlinear effect due to institutional frictions. To test these hypotheses, we utilize an unbalanced panel of 280 non-financial firms (1,965 firm-year observations) from 2017 to 2024. Methodologically, we employ a nonlinear IV–2SLS estimator to rigorously address endogeneity and reverse causality, alongside the FGLS method to ensure robustness against heteroscedasticity and autocorrelation.

Our findings uncover several important empirical patterns. Chairman ownership and institutional ownership exert significant positive impacts on firm value, whereas CEO ownership shows a positive but economically modest effect, likely due to the limited strategic authority of CEOs compared to Board Chairmen in the Vietnamese governance structure. Crucially, we document a statistically significant inverted U-shaped relationship between foreign ownership and firm value, indicating that the benefits of foreign

monitoring are strongest at moderate levels but decline as they approach regulatory thresholds. These results are robust across alternative measures such as Tobin's Q and the Market-to-Book (M/B) index.

The study makes three primary contributions. First, it provides empirical evidence from a collectivist emerging market, adding nuance to how ownership types resolve agency problems under unique cultural constraints. Second, it distinguishes between CEO and Chairman ownership, highlighting the specific influence of different managerial agents in a concentrated environment. Third, the use of a nonlinear IV–2SLS framework represents a methodological attempt to rigorously account for potential endogeneity and functional form misspecification, thereby enhancing the reliability of the findings within this specific context. The remainder of this paper is organized as follows: Section 2 develops the hypotheses; Section 3 describes the methodology; Section 4 presents the results; and Section 5 concludes with implications.

2. Theoretical Background and Hypothesis Development

According to Agency Theory (Jensen and Meckling, 1976), the separation of ownership and control may lead managers to prioritize their personal interests over those of shareholders, creating conflicts of interest. CEO ownership acts as an incentive-alignment mechanism, reducing these conflicts by linking the CEO's personal wealth directly to the firm's market performance, thereby motivating executives to pursue decisions that enhance long-term corporate value. This alignment further alleviates information asymmetry (Tursunov and Khayitov, 2024), as managerial owners are more incentivized to signal the firm's true value to the market. From a stewardship perspective (Davis et al., 1997)—which serves as a complementary analytical framework rather than an independent theory in this study—CEOs who hold equity are viewed as stewards who safeguard long-term corporate interests.

However, Agency Theory also warns of managerial entrenchment (Morck et al., 1988), where excessively high ownership allows CEOs to pursue private benefits without fear of external monitoring. In the Vietnamese context, the dynamics of these mechanisms are influenced

by a collectivist economy (Luong, 2021; Hofstede et al., 2010; Ho et al., 2022), where social cohesion and reputation within the business network often discourage blatant opportunistic behavior. Unlike individualistic Western markets, the pressure to maintain "face" and collective harmony in Vietnam can strengthen the incentive-alignment effect of even modest ownership stakes.

Furthermore, quantitative evidence from the Vietnamese market justifies a focus on the incentive-alignment channel over entrenchment. Our descriptive statistics show that CEO ownership in Vietnam is relatively low, averaging only 3.445%. At this level, the risk of a CEO becoming "entrenched" and immune to board oversight is minimal, especially since strategic control in Vietnamese firms often resides with the Chairman or dominant controlling shareholders within a highly concentrated ownership environment (Phung and Hoang, 2016; Nguyen and Nguyen, 2020).

Empirical evidence from various settings supports this positive association. Using U.S. data, Chen et al. (1993) document that higher managerial shareholdings are linked with greater market valuation. Similarly, Davies et al. (2005) find that moderate executive ownership significantly enhances firm value in the United Kingdom. In the Japanese context, Chen et al. (2003) show that the positive effect of managerial ownership is particularly pronounced when governance structures are strong. Studies in emerging markets further corroborate this pattern: Lins (2003) finds that firms with concentrated managerial ownership typically exhibit higher valuations, especially where investor protection is weak. More recently, Ifada et al. (2021) provide evidence from Indonesia that managerial ownership improves firm value. Although some studies report nonlinear or statistically insignificant relationships (Griffith, 1999; Fahlenbrach and Stulz, 2009; Purba and Africa, 2019), such patterns tend to arise in environments with high ownership stakes.

Building on the core assumptions of Agency Theory, the complementary stewardship perspective, and the specific institutional features of Vietnam—where CEO ownership levels are generally low (3.445%) and unlikely to generate pronounced entrenchment—this study predicts that the alignment effect will prevail.

$\mathbf{H}_1$: CEO ownership is positively associated with firm value.

According to Agency Theory, when the Chairman of the Board holds equity in the firm, their financial interests become more closely aligned with those of shareholders. This alignment mechanism is crucial for reducing conflicts of interest and mitigating information asymmetry, as a Chairman with "skin in the game" is more incentivized to oversee management rigorously and ensure transparent disclosure to the market (Tursunov and Khayitov, 2024). From a stewardship perspective (Davis et al., 1997)—which this study treats as a complementary analytical framework rather than an independent theory—a Chairman who is also a significant shareholder acts as a steward, safeguarding long-term corporate interests.

However, the entrenchment mechanism within the agency framework suggests that excessively high ownership might allow a Chairman to dominate the board, weakening external monitoring and reducing governance effectiveness (Morck et al., 1988). In the Vietnamese context, the dynamics of these mechanisms are unique due to a high power-distance cultural environment and a collectivist economy (Luong, 2021; Hofstede et al., 2010; Ho, 2022). In many Vietnamese firms, the Chairman often holds greater de facto strategic authority than the CEO, making their alignment with shareholder interests a primary driver of firm value.

Quantitative evidence from our sample of over listed companies (HOSE, 2023; HNX, 2023) indicates that Chairman ownership averages 6.383%. This moderate level of ownership suggests that the incentive-alignment effect is likely to dominate, as the stakes are generally not high enough to facilitate the severe entrenchment often observed in firms with absolute control. Furthermore, in Vietnam's highly concentrated ownership environment, the Chairman frequently represents the interests of large controlling shareholders, thus reducing the traditional principal-agent conflict.

Empirical evidence regarding this relationship remains mixed. Sulong and Nor (2008) find that board ownership in Malaysia does not significantly affect firm value, a result echoed by Purba and Africa (2019) in Indonesia. Conversely, Setia-Atmaja (2009) demonstrates that concentrated ownership among senior board leadership can enhance value in Australia when paired with stable dividends. In other emerging markets, Selarka (2005) warns that high executive stakes in India may encourage the pursuit of private

benefits, while Prommin et al. (2016) find that in Thailand, concentrated top-management ownership improves firm value under conditions of weak investor protection, though the effect diminishes at extreme levels.

Given the decisive role of the Board Chairman in Vietnam's governance structure and the moderate average ownership level (6.383 percent) that minimizes entrenchment risks, we argue that the positive monitoring and alignment effects will prevail in this institutional setting.

H_2: Chairman ownership is positively associated with firm value.

According to Agency Theory, foreign investors often function as professional institutional shareholders capable of monitoring managerial behavior more effectively than domestic minority investors. By demanding higher governance standards and more rigorous disclosure, foreign ownership serves as a powerful mechanism to reduce information asymmetry and mitigate conflicts of interest between managers and shareholders (Tursunov and Khayitov, 2024; Khasawneh and Staytieh, 2017). In addition to this monitoring channel, resource-based mechanisms associated with the resource dependence perspective (Pfeffer and Salancik, 1978)—which is utilized in this study as a complementary analytical framework rather than an independent theory—suggest that foreign shareholders contribute international capital, advanced managerial expertise, and access to global business networks, thereby improving firms' competitiveness (Pfeffer and Salancik, 1978; Driffield et al., 2007).

In the Vietnamese context, the impact of foreign ownership is shaped by unique institutional and cultural factors. As a collectivist economy with high power distance (Hofstede et al., 2010; Luong, 2021), domestic monitoring is often constrained by social relationships and a lack of transparency. Foreign investors, as outsiders, provide the necessary objective oversight to break these domestic agency silos. Quantitative data from our sample of 280 listed firms (HOSE, 2023; HNX, 2023) shows that the average foreign ownership is relatively low at 4.289 percent, while many sectors remain subject to a foreign ownership cap of 49% (Kubo, 2019). These regulatory restrictions and the high concentration of ownership in the hands of the state or

founding families (Nguyen et al., 2015; Phung and Hoang, 2016) create a complex environment for foreign monitoring.

The recurring evidence of non-linearity across different markets suggests that the benefits of foreign ownership may not be indefinite. While initial increases in foreign stakes enhance monitoring and resource provision, excessive levels may lead to diminishing marginal returns or even negative effects. This inverted U-shaped pattern arises because, as foreign ownership approaches regulatory thresholds (such as the 49% cap in Vietnam) or becomes dominant, institutional frictions and coordination costs between foreign and domestic shareholders may escalate (Ferris and Park, 2005; Phung and Hoang, 2016). Furthermore, the monitoring efficiency may decline if foreign investors face cultural and linguistic barriers in a collectivist market, leading to increased information costs (Ferris and Park, 2005).

Empirical evidence supports this non-linear view. Ferris and Park (2005) report a concave relationship in Japan, where firm value increases with foreign ownership up to approximately 40% before declining. Similarly, Lins (2003) finds that while foreign ownership generally enhances value in emerging markets where investor protection is weak, its effectiveness depends on the broader ownership structure. Other studies highlight that the positive association is sustained only when foreign investors actively participate in strategic decision-making (Driffield et al., 2007; Wei et al., 2005).

Given the specific institutional frictions in Vietnam, including the foreign ownership limits and the cultural challenges of monitoring in a concentrated, collectivist market, we argue that foreign ownership will enhance firm value only up to an optimal threshold, beyond which the marginal costs of coordination and regulatory constraints will outweigh the monitoring benefits.

H_3: The relationship between foreign ownership and firm value is non-linear and follows an inverted U-shaped pattern.

According to Agency Theory, institutional investors typically possess the resources, professional expertise, and strong incentives necessary to monitor managerial behavior effectively. This monitoring role serves as a primary mechanism to reduce managerial opportunism and mitigate information asymmetry, as institutional shareholders often demand higher levels of transparency and stronger

governance practices (Tursunov and Khayitov, 2024; Shleifer and Vishny, 1986). Beyond the direct monitoring channel, the resource-based mechanisms associated with the resource dependence perspective (Pfeffer and Salancik, 1978)—which is employed here as a complementary analytical framework rather than an independent theory—suggest that institutional investors enhance firm value by providing stable capital, access to strategic business networks, and managerial knowledge (Pfeffer and Salancik, 1978; Shleifer and Vishny, 1986).

In the Vietnamese context, institutional investors play an especially critical role due to the highly concentrated ownership structure and the limited monitoring capacity of individual minority shareholders (Nguyen et al., 2015; Phung and Hoang, 2016). In a collectivist economy like Vietnam (Luong, 2021; Hofstede et al., 2010), where corporate decisions may be influenced by social ties or dominant family interests, institutional investors act as objective monitors that safeguard the interests of the broader shareholder base, thereby reducing principal-principal conflicts. Quantitative evidence from our sample indicates that institutional ownership is a dominant force, with a mean shareholding of 38.845%. This substantial presence suggests that institutions have the necessary voting power to enforce disciplined strategic decision-making and enhance market reputation.

Empirical evidence largely supports the positive influence of institutional ownership. Lins (2003) finds that in emerging markets, firms with higher institutional stakes achieve superior valuations, particularly where legal investor protection is weak. Wei et al. (2005), examining Chinese privatized firms, conclude that concentrated institutional ownership enhances firm value by improving monitoring efficiency. In Jordan, Khasawneh and Staytieh (2017) demonstrate a positive association, reflecting the stabilizing function of institutional capital. Similarly, studies in other Southeast Asian markets, such as Thailand (Prommin et al., 2016) and Indonesia (Yuwono and Aurelia, 2021), find that institutional ownership increases firm value in environments characterized by low stock liquidity and inadequate transparency. While some studies, such as Selarka (2005) in India, suggest that the benefits of institutional monitoring may weaken under poor governance conditions, the general consensus remains positive in emerging contexts.

Given the highly concentrated nature of the Vietnamese market and the significant average institutional stake (38.845%), we argue that institutional investors are well-positioned to serve as effective external monitors and resource providers. By reducing information asymmetry and promoting governance quality, institutional ownership is expected to be a value-enhancing factor.

$\mathbf{H}_4$: Institutional ownership is positively associated with firm value.

3. Data and Methodology

3.1 Data source

This study utilizes an unbalanced panel dataset constructed from the audited financial statements and annual reports of non-financial firms listed on the Ho Chi Minh Stock Exchange (HOSE) and the Hanoi Stock Exchange (HNX) over the period 2017–2024. Financial institutions—including banks, insurance companies, and securities firms—are excluded from the sample due to their distinct accounting standards and regulatory frameworks, which would impair the comparability of financial indicators. The primary data is obtained from Vietstock, a reputable financial data provider in Vietnam, and is cross-verified using corporate governance disclosures and mandatory announcements to ensure consistency. After removing firms with missing attributes and winsorizing continuous variables at the 1st and 99th percentiles to mitigate the influence of extreme outliers, the final dataset comprises 280 firms and 1,965 firm-year observations. This rigorous data-cleaning process ensures that the subsequent empirical results are not driven by anomalous observations, thereby enhancing the overall robustness of the study's findings.

Vietnam market is characterized by a high degree of ownership concentration, where controlling shareholders and the state play dominant roles in strategic industries such as manufacturing, commerce, and real estate. Quantitative evidence from our sample underscores this concentration: institutional ownership (IO) represents a dominant force with a mean shareholding of 38.845%, whereas foreign ownership (FO) averages only 4.289%, often constrained by a 49% regulatory cap in many sectors.

The choice of the Vietnamese sample is further justified by its unique collectivist economy. Unlike many emerging nations with lower state intervention, Vietnam's institutional framework combines significant government participation in corporate ownership with a culture that emphasizes social cohesion and reputation. These characteristics provide a distinct environment where the traditional principal-agent conflict often shifts to a principal-principal conflict. Consequently, the high average institutional stake (38.845%) and the presence of foreign investors within a concentrated, collectivist setting offer a compelling case to re-examine how different ownership types influence firm value—measured here by Tobin's Q (mean of 1.198) and the Market-to-Book ratio (mean of 1.453).

3.2 Variable description

Dependent variables

To ensure the methodological robustness of the findings, firm value is captured using two distinct and widely recognized valuation indicators. Tobin's Q (FV1) reflects investors' expectations regarding a firm's future growth and forward-looking market assessments by comparing the market value of assets with their replacement cost (Chen et al., 1993; Davies et al., 2005,). The second indicator, the Market-to-Book ratio (FV2), compares the market value of equity with its book value and serves as an accounting-based valuation measure frequently employed in emerging market studies (Yuwono and Aurelia, 2021; Rodríguez-Valencia, 2025,). The consistency of results across these different proxies provides evidence of the reliability of the observed relationships, as the robustness of this research stems from the entirety of the methodology adopted, including the use of multiple cross-verified measures of corporate value.

Independent variables

The independent variables represent four key dimensions of ownership structure, each linked to specific mechanisms of Agency Theory. CEO ownership (CEO), the percentage of shares held by the Chief Executive Officer, is included to test the incentive-alignment effect

(Ifada et al., 2021). Chairman ownership (Chair) measures the shareholding of the Board Chairman, recognizing their de facto strategic authority in the Vietnamese governance structure (Setia-Atmaja, 2009; Prommin et al., 2016). Foreign ownership (FO) denotes the stake held by non-Vietnamese investors, who are often associated with superior monitoring capacity and higher governance standards (Ferris and Park, 2005; Khasawneh and Staytieh, 2017). Institutional ownership (IO) represents the holding by institutional investors such as investment funds and insurance companies, which act as influential monitors and resource providers (Shleifer and Vishny, 1986; Wei et al., 2005).

Control Variables: To control for firm-specific factors and reduce omitted variable bias, the study incorporates four additional variables. Firm size (Size), measured as the natural logarithm of total assets, is included to normalize scale differences and control for the competitive advantages of larger firms (Al-Zaidyeen and Al-Rawash, 2015). Financial leverage (Lev), the ratio of total liabilities to shareholders' equity, captures the firm's capital structure and the potential monitoring effect of debt (Din et al., 2021; Yuwono and Aurelia, 2021). Return on assets (ROA) reflects operating profitability, a primary determinant of market valuation (Jonnius and Marsudi, 2021; Putri et al., 2023). Finally, Revenue growth (Growth), measured as the annual percentage change in sales, captures the firm's growth opportunities and is explicitly included in the regression model to address potential biases (Vintilă, 2024; Phung and Hoang, 2016).

The variables are defined and described in Table 1.

3.3 Methodology

To examine the association between ownership structure and firm value, the study employs a nonlinear panel-data specification. Theoretical and empirical research suggests that this relationship may not follow a simple linear pattern due to the coexistence of alignment and entrenchment effects. These dynamics are particularly relevant for foreign ownership in emerging markets like Vietnam, where regulatory constraints and institutional characteristics may amplify both benefits and risks. Accordingly, we treat the stewardship and

Table 1: Variable description and supporting literature

Variable	**Description**	**Type**	**Citations**
Tobin's Q (FV1)	Ratio of the market value of assets to their replacement cost	Dependent variable	Chen et al. (1993); Davies et al. (2005)
Market-to-Book ratio (FV2)	Ratio of the market value of equity to the book value of equity	Dependent variable	Yuwono and Aurelia (2021)
CEO ownership (CEO)	Percentage of outstanding shares held by the CEO	Independent variable	Ifada et al. (2021)
Chairman ownership (Chair)	Percentage of outstanding shares held by the Chairman of the Board	Independent variable	Setia-Atmaja (2009); Prommin et al. (2016)
Foreign ownership (FO)	Percentage of shares owned by non-Vietnamese shareholders	Independent variable	Ferris and Park (2005); Khasawneh and Staytieh (2017)
Institutional ownership (IO)	Percentage of shares owned by institutional investors	Independent variable	Shleifer and Vishny (1986); Wei et al. (2005)
Firm size (Size)	Natural logarithm of total assets at the end of the fiscal year	Control variable	Al-Zaidyeen and Al-Rawash (2015)
Leverage (Lev)	Ratio of total liabilities to shareholders' equity	Control variable	Din et al. (2021); Yuwono and Aurelia (2021)
Return on Assets (ROA)	Net income divided by average total assets	Control variable	Jonnius and Marsudi (2021); Putri et al. (2023)
Growth	Percentage change in total revenue from the previous year	Control variable	Vintilă (2024); Phung and Hoang (2016)

resource dependence frameworks as complementary analytical perspectives rather than independent theories to maintain consistency with the overarching Agency Theory. Based on this rationale, the nonlinear regression model is specified as follows:

$$FV_{it} = \beta_0 + \beta_1 CEO_{it} + \beta_2 Chair_{it} + \beta_3 FO_{it} + \beta_4 FO_{it}^2 + \beta_5 IO_{it} + \beta_6 Size_{it} + \beta_7 Lev_{it} + \beta_8 ROA_{it} + \beta_9 GROWTH_{it} + \mu_i + \lambda_t + \varepsilon_{it} \quad (1)$$

Where firm value is measured by Tobin's Q and, for robustness, by the Market-to-Book ratio; ownership variables include CEO ownership, Chairman ownership, foreign ownership, and institutional ownership; and control variables consist of firm size, financial leverage, revenue growth (Growth), and return on assets. Firm fixed effects are included to absorb unobservable and time-invariant firm-specific characteristics, while year fixed effects are added to control for macroeconomic shocks that affect all firms simultaneously.

To justify the choice of estimators, we conducted several diagnostic tests. The Modified Wald test for groupwise heteroskedasticity reveals a significant violation of homoskedasticity ($\chi^2 = 9.8 \times 10^5$ for $FV1$ and 4.3×10^6 for $FV2$, $p < 0.001$). Furthermore, the Wooldridge test confirms the presence of first-order autocorrelation in the panel data ($F = 68.358$ for $FV1$, $p < 0.001$). Consequently, the Feasible Generalized Least Squares (FGLS) estimator is employed as a robustness procedure to provide efficient estimates by correcting for these issues.

A critical methodological concern in ownership studies is endogeneity arising from reverse causality or omitted variable bias. To address this, the study utilizes a nonlinear IV–2SLS estimator using time-averaged (ID-mean) values of ownership variables as instruments. Diagnostic tests confirm the validity of this approach: the Kleibergen–Paap rk LM statistic (796.57, $p < 0.001$) rejects the null hypothesis of underidentification. Additionally, the Kleibergen–Paap Wald rk F statistic reaches 20,992.40, far exceeding the Stock–Yogo critical value of 16.38 for a 10% maximal IV size, indicating that the instruments are exceptionally strong. While these instruments are statistically robust, we acknowledge the limitations regarding absolute exogeneity in an emerging market context and thus interpret the results as significant associations rather than strictly causal relationships.

Consistent with academic standards, the final output tables for these estimators (reported in Section 4) present the full suite of

statistics, including R^2 (Within, Between, and Overall) as well as Wald χ^2 and Prob $> \chi^2$ values, to ensure complete transparency of the model's explanatory power.

4. Empirical Results and Discussion

4.1 Descriptive statistics

Table 2 reports the descriptive statistics for the variables, reflecting the unbalanced nature of the panel dataset. The mean value of FV1 (Tobin's Q) is 1.198, while FV2 (Market-to-Book ratio) shows a mean of 1.453. Notably, FV2 exhibits a substantially higher standard deviation (5.884) and a wide range from –2.784 to 253.815, indicating significant heterogeneity in market valuation and financial health, including firms with negative equity. Regarding ownership structure, institutional ownership (IO) is the most dominant type with a mean of 38.845%, confirming the high ownership concentration characteristic of the Vietnamese market. In contrast, foreign ownership (FO) averages only 4.289%, reflecting the impact of regulatory caps (typically 49%) that limit foreign participation in many listed sectors. Furthermore, the higher mean of Chairman ownership (6.383%) compared to CEO ownership (3.445%) reinforces the argument that strategic authority in Vietnamese firms often resides with the Board Chairman rather than the executive management.

The control variables also reveal important dynamics within the sample of 280 non-financial firms. While most variables contain 2,248 observations, the "Growth" variable is limited to 1,965 observations due to the calculation of annual revenue changes and data availability, which defines the final regression sample. Revenue growth shows extreme volatility, with a standard deviation of 17.574 and a maximum value of 750.769, capturing the diverse recovery and expansion patterns of Vietnamese firms during the 2017–2024 period. Firm size (Size) and profitability (ROA) average 0.193 and 0.051, respectively, while financial leverage (Lev) shows a mean of 1.942. The presence of negative minimum values for leverage (–6.485) and ROA (–0.51) further underscores the inclusion of distressed firms in

the dataset, providing a comprehensive representation of the emerging market context.

Table 2: Descriptive statistics

Variable	**Obs**	**Mean**	**Std. Dev.**	**Min**	**Max**
FV1	2248	1.198	1.857	0.001	80.777
FV2	2248	1.453	5.884	-2.784	253.815
CEO	2248	3.445	8.329	0	61.16
Chair	2248	6.383	11.322	0	87
FO	2248	4.289	10.363	0	80.04
IO	2248	38.845	30.087	0	99.78
Size	2248	0.193	0.198	0	0.911
Lev	2248	1.942	5.264	-6.485	123.175
Growth	1965	0.817	17.574	-24.162	750.769
ROA	2248	0.051	0.077	-0.51	0.552

Source: Stata's output - Author's calculation

4.2 Correlation matrix

Tables 3 and 4 present the pairwise correlation matrices for all variables relative to the two firm value indicators, FV1 (Tobin's Q) and FV2 (M/B ratio). These matrices provide a preliminary assessment of the associations between ownership structures and firm valuation while offering an initial screening for potential multicollinearity issues. For FV1, institutional ownership (IO) and profitability (ROA) exhibit positive and statistically significant correlations (0.080 and 0.175, respectively), whereas CEO ownership shows a weak negative association (−0.032). Similarly, for the FV2 model, financial leverage (0.208) and ROA (0.035) are positively correlated with firm value, while the correlations for CEO and foreign ownership remain statistically modest. These preliminary patterns align with the agency-based expectation that professional monitoring and operational efficiency are key drivers of market valuation in the Vietnamese context.

To rigorously ensure that the regression results are not biased by multicollinearity, we further examine the Variance Inflation Factors

Table 3: Matrix of correlations with dependent variable FV1 (Tobin's Q)

Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
(1) FV1	1.000								
(2) IO	0.080*	1.000							
(3) CEO	-0.032	-0.349*	1.000						
(4) Chair	0.028	-0.453*	0.351*	1.000					
(5) FO	0.027	0.190*	-0.072*	-0.077*	1.000				
(6) Size	0.042*	0.245*	-0.103*	-0.151*	-0.019	1.000			
(7) Lev	-0.013	0.003	0.010	-0.030	-0.044*	-0.035	1.000		
(8) Growth	-0.018	-0.042	-0.007	0.053*	-0.009	-0.017	0.009	1.000	
(9) ROA	0.175*	0.207*	-0.046*	-0.066*	0.083*	0.113*	-0.177*	-0.006	1.000

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$
Source: Stata's output - Author's calculation

Table 4: Matrix of correlations with dependent variable FV2 (M/B ratio)

Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
(1) FV2	1.000								
(2) IO	0.034	1.000							
(3) CEO	-0.022	-0.349*	1.000						
(4) Chair	0.048*	-0.453*	0.351*	1.000					
(5) FO	0.007	0.190*	-0.072*	-0.077*	1.000				
(6) Size	0.027	0.245*	-0.103*	-0.151*	-0.019	1.000			
(7) Lev	0.208*	0.003	0.010	-0.030	-0.044*	-0.035	1.000		
(8) Growth	-0.012	-0.042	-0.007	0.053*	-0.009	-0.017	0.009	1.000	
(9) ROA	0.035	0.207*	-0.046*	-0.066*	0.083*	0.113*	-0.177*	-0.006	1.000

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$
Source: Stata's output - Author's calculation

(VIF). The mean VIF for our primary model is 1.16, and even in the nonlinear specification including the squared term of foreign ownership (FO^2), the mean VIF remains low at 2.016—well below the conservative threshold of 5. The highest pairwise correlation observed is between Chairman ownership and institutional ownership (–0.453), which does not exceed the critical level of 0.7 or 0.8 typically associated with collinearity concerns. Consequently, these diagnostic results confirm that the independent variables are sufficiently distinct, providing a robust foundation for the subsequent regression analysis using FGLS and IV–2SLS estimators.

4.3 Diagnostic tests for model specification

To ensure the validity of our econometric approach, we conduct a comprehensive suite of diagnostic tests. First, we justify the selection of the FGLS estimator by testing for violations of classical linear regression assumptions. The Modified Wald test for groupwise heteroskedasticity reveals significant issues, with χ^2 values of 9.8×10^5 for the FV1 model and 4.3×10^6 for the FV2 model ($p < 0.001$), indicating a severe violation of the homoskedasticity assumption. Furthermore, the Wooldridge test confirms the presence of first-order autocorrelation in the panel data for the FV1 model ($F = 68.358,\ p < 0.001$). These results provide a robust empirical justification for employing the FGLS estimator to obtain efficient and unbiased estimates.

To address potential endogeneity concerns, this study employs a nonlinear IV–2SLS estimator and evaluate the strength and relevance of our internal instruments. The Kleibergen–Paap rk LM statistic (796.57, $p < 0.001$) for both FV1 and FV2 models rejects the null hypothesis of underidentification, confirming that the instruments are sufficiently correlated with the endogenous ownership variables. Most importantly, the Cragg–Donald Wald F statistic (14,461.28) and the Kleibergen–Paap rk Wald F statistic (20,992.40) far exceed the 10% maximal IV size critical value of 16.38 provided by Stock–Yogo (2005). These results indicate that our instruments are exceptionally strong, minimizing the risk of weak instrument bias.

Because the models are exactly identified, the Hansen J statistic is zero, as theoretically expected, indicating no violation of the overidentification restrictions. Robust inference tests, including the Anderson–Rubin Wald F test (61.16, $p < 0.001$) and the Stock–Wright LM S statistic (77.05, $p < 0.001$), further confirm the joint significance of the endogenous regressors in the main equation. While we utilize robust econometric techniques, we adopt the term "association" rather than strictly "causal relationship" to interpret the results, acknowledging the inherent challenges of achieving perfect exogeneity in emerging market datasets. Finally, mean VIF values of 1.16 for the linear models and 2.016 for the nonlinear specifications confirm that multicollinearity does not compromise our findings.

In summary, the robustness of this research stems from a comprehensive methodological framework that integrates high-quality, cross-verified data with a rigorous suite of diagnostic tests and the application of a nonlinear IV–2SLS estimator to address inherent econometric challenges.

4.4 Regression results and discussion

Regression results using Tobin's Q as the dependent variable are reported in Table 5.

Table 5: Regression results using Tobin's Q as the dependent variable

	OLS FV1	FEM FV1	FGLS FV1	IVREG 2SLS FV1
IO	0.00460***	0.00148	0.00242***	0.00536***
	[7.21]	[1.19]	[8.61]	[8.06]
CEO	0.00131	0.00201	0.000560	0.00190*
	[1.16]	[0.88]	[0.79]	[1.68]
FO^2	-0.000207***	0.000268**	-0.0000873***	-0.000209***
	[-3.61]	[2.03]	[-3.54]	[-3.66]
Chair	0.00165	0.000137	0.000269	0.00228**
	[1.46]	[0.08]	[0.43]	[2.05]
FO	0.0116***	-0.00844*	0.00395***	0.0114***
	[2.82]	[-1.75]	[2.88]	[2.79]
Size	0.0642	0.261*	0.0389	0.0461
	[0.78]	[1.74]	[1.00]	[0.56]
Lev	0.00533**	0.00256	0.00102**	0.00521**
	[2.40]	[1.12]	[2.19]	[2.41]
Growth	-0.000360	-0.000411	-0.0000903	-0.000332
	[-0.97]	[-0.66]	[-0.45]	[-0.94]
ROA	4.134***	0.847***	1.457***	4.085***
	[7.90]	[4.09]	[12.92]	[7.86]
_cons	0.691***	1.020***	0.841***	0.664***
	[13.82]	[15.46]	[45.56]	[13.37]
Year Fixed Effects	Yes	Yes	Yes	Yes
N	1965	1965	1965	1965
R^2	0.242	0.072		0.242

t statistics in brackets

* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Source: Stata's output - Author's calculation

Regarding H_1, the nonlinear IV–2SLS results indicate that CEO ownership carries a positive coefficient (0.00190) and is statistically significant at the 10% level, indicating a statistically significant but economically modest association with firm value (FV1). This finding suggests that CEO ownership primarily functions as an incentive-alignment mechanism, which helps mitigate conflicts of interest between managers and shareholders by linking the CEO's personal wealth directly to the firm's market performance. Furthermore, this alignment helps reduce information asymmetry, as managers with equity stakes are more likely to signal the firm's true value to the market to maintain or enhance stock prices. The result aligns with the core assumptions of Agency Theory and is supported by the stewardship perspective—utilized in this study as a complementary analytical framework rather than an independent theory—which views managerial owners as stewards committed to long-term corporate interests.

The economic magnitude of this association remains limited in the Vietnamese context, a pattern justified by our descriptive statistics showing that CEOs in Vietnam hold a very low average stake of only 3.445%. At such a low level, the incentive-alignment effect dominates because the ownership stake is insufficient to induce managerial entrenchment or allow CEOs to pursue private benefits without oversight. This is particularly relevant in Vietnam's concentrated ownership environment, where strategic de facto authority often resides with the Board Chairman or dominant controlling shareholders rather than the CEO. Additionally, the collectivist nature of the Vietnamese economy may strengthen these alignment incentives; the social pressure to maintain reputation and "face" within business networks can discourage opportunistic behavior even when the CEO's financial stake is modest.

Our findings are consistent with prior international evidence from Chen et al. (1993), Lins (2003), and Ifada et al. (2021), who also documented positive associations between managerial ownership and valuation. However, the weak statistical significance at the 10% level and the lack of significance in the FEM and FGLS models (Table 5) reflect the institutional constraints and low ownership levels in Vietnam, aligning with studies that reported inconsistent effects when

managerial stakes are small, such as Griffith (1999) and Purba and Africa (2019).

Regarding H_2, our findings provide strong empirical support, as chairman ownership exhibits a positive and statistically significant association with firm value (FV1). In the IV–2SLS estimation, chairman ownership carries a coefficient of 0.00227, which is significant at the 5% level ($p = 0.039$). This pattern indicates that the positive effect of board leadership equity stakes becomes evident once endogeneity is addressed, confirming that chairman ownership is a reliable predictor of higher market valuation in the Vietnamese context.

From the perspective of Agency Theory, this positive association suggests that when the chairman holds equity, their financial interests align more closely with those of external shareholders, effectively reducing potential conflicts of interest. This alignment mechanism also serves to mitigate information asymmetry; a chairman with "skin in the game" is more incentivized to ensure transparent corporate disclosure and to exercise rigorous oversight over management to protect the value of their own holdings. These findings are further supported by the stewardship perspective—treated in this study as a complementary analytical framework rather than an independent theory—which views chairmen with equity as stewards who are intrinsically motivated to safeguard the firm's long-term strategic interests.

The impact of chairman ownership is particularly salient in Vietnam due to its unique institutional and cultural characteristics. Vietnam is a collectivist economy with a high power-distance culture, where the board chairman typically holds greater de facto strategic authority than the CEO, often acting as the representative of dominant controlling shareholders. Our descriptive statistics show that the average chairman ownership is 6.383%, nearly double the average CEO ownership of 3.445%. At this moderate level (6.383%), the incentive-alignment effect dominates, as the stake is significant enough to motivate monitoring but generally remains below the thresholds that would facilitate severe managerial entrenchment or the expropriation of minority shareholders.

Our results are consistent with prior evidence from Setia-Atmaja (2009) and Prommin et al. (2016), who documented that

concentrated top-level ownership enhances value in environments with high ownership concentration. However, our finding of a significant positive association departs from the insignificant results reported in Malaysia (Sulong and Nor, 2008) and Indonesia (Purba and Africa, 2019), suggesting that the decisive role of the chairman in Vietnam's governance structure makes their equity stake a more powerful driver of firm value than in other neighboring emerging markets.

Regarding H_3, the nonlinear IV–2SLS results confirm a statistically significant inverted U-shaped association between foreign ownership and firm value, providing strong empirical support for our prediction. Specifically, the linear term of foreign ownership exhibits a positive coefficient (0.0114, $p<0.01$), while the squared term (FO^2) is negative and highly significant (–0.000209, $p<0.01$). This concave pattern indicates that foreign ownership initially enhances firm value up to an optimal threshold, beyond which the marginal benefits begin to diminish.

This nonlinear association can be explained through the primary mechanisms of Agency Theory. At low to moderate levels, foreign investors—often acting as professional institutional shareholders—provide superior monitoring that reduces managerial opportunism and mitigates information asymmetry. Their presence encourages more rigorous corporate disclosure and higher governance standards, effectively aligning managerial actions with shareholder interests and reducing conflicts of interest. These benefits are supplemented by the resource dependence perspective—utilized here as a complementary analytical framework—which suggests that foreign shareholders contribute international capital, advanced managerial expertise, and global business networks that enhance firm competitiveness.

However, the downward slope of the inverted U-shape at higher ownership levels reflects increasing institutional frictions and coordination costs within the Vietnamese context. Vietnam is characterized by a collectivist economy and unique regulatory constraints, notably a foreign ownership cap of 49% in many sectors. As foreign stakes approach these limits or become highly concentrated, the costs associated with cultural and linguistic barriers, as well as the challenges of navigating a domestic environment dominated by state or family interests, may escalate.

These coordination challenges can lead to reduced marginal monitoring efficiency and increased information costs, eventually offsetting the initial governance benefits.

Our findings align with the international evidence provided by Ferris and Park (2005), who documented a similar concave relationship in Japan, and correspond with studies in other emerging markets where the impact of foreign ownership is contingent on institutional maturity and investor involvement, such as Lins (2003) and Wei et al. (2005). By documenting this nonlinearity in Vietnam, our study highlights that while foreign capital is a vital driver of valuation, its effectiveness is subject to an optimal range defined by the interplay between global monitoring standards and local institutional constraints.

Regarding H_4, the results provide strong empirical evidence for a positive and statistically significant association between institutional ownership and firm value across all specifications. In the primary nonlinear IV–2SLS models, institutional ownership (IO) carries a positive coefficient of 0.00536 ($p<0.01$) for FV1 and 0.0101 ($p<0.01$) for FV2. This finding confirms that institutional shareholders are key drivers of market valuation in the Vietnamese context, consistently reducing information asymmetry and mitigating conflicts of interest between managers and shareholders. As professional monitors, these institutions demand higher transparency and more disciplined strategic decision-making, which is particularly vital in Vietnam's concentrated ownership environment where domestic minority investors have limited oversight capacity.

Our descriptive statistics reveal that institutional ownership is the dominant ownership type in Vietnam, with a mean shareholding of 38.845%. At this substantial level, institutions possess both the voting power and the professional expertise to serve as effective external monitors, aligning with the core assumptions of Agency Theory. Furthermore, the resource dependence perspective—employed in this study as a complementary analytical framework rather than an independent theory—suggests that these institutional investors enhance firm value by providing strategic resources, access to capital, and enhanced market reputation. These results are consistent with prior evidence from other emerging markets, such as Lins (2003), Wei et al. (2005), and Prommin et al. (2016), highlighting that the monitoring role of institutions is a robust value-enhancing factor.

Table 6: Regression results using Market-to-Book as the dependent variable

	OLS FV2	FEM FV2	FGLS FV2	IVREG 2SLS FV2
IO	0.00982***	0.0146***	0.00522***	0.0101***
	[4.25]	[2.82]	[8.32]	[5.66]
CEO	-0.00108	0.00297	0.00132	-0.000874
	[-0.34]	[0.31]	[0.74]	[-0.25]
FO^2	-0.000584***	0.000572	-0.000183***	-0.000585***
	[-3.39]	[1.04]	[-3.24]	[-3.43]
Chair	0.0117**	0.00383	0.000723	0.0119***
	[2.52]	[0.54]	[0.49]	[2.86]
FO	0.0346***	-0.0226	0.0109***	0.0345***
	[2.93]	[-1.13]	[3.61]	[2.90]
Size	0.569	0.302	0.0811	0.563
	[1.03]	[0.48]	[0.95]	[1.00]
Lev	0.254*	0.321***	0.105***	0.254*
	[1.80]	[33.77]	[7.27]	[1.81]
Growth	-0.00169	-0.000810	-0.000534	-0.00168
	[-1.31]	[-0.31]	[-0.80]	[-1.31]
ROA	5.740***	0.838	3.074***	5.723***
	[6.23]	[0.97]	[13.34]	[6.27]
_cons	-0.161	0.0427	0.426***	-0.170
	[-0.34]	[0.16]	[9.35]	[-0.38]
Year Fixed Effects	Yes	Yes	Yes	Yes
N	1965	1965	1965	1965
R^2	0.326	0.423		0.326

t statistics in brackets
* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$
Source: Stata's output - Author's calculation

Regarding the control variables, the findings are largely consistent with theoretical expectations and prior empirical studies. Profitability (ROA) exhibits a strong positive association with firm value in both IV–2SLS models (4.085 for FV1 and 5.723 for FV2, p<0.01), underscoring that operational efficiency is the primary determinant of market valuation. Financial leverage (Lev) also shows a positive and statistically significant association (0.00521 for FV1 and 0.254 for FV2, p<0.05 or p< 0.1), suggesting that the Vietnamese market may value the tax-shield benefits of debt or the expansion opportunities financed by leverage.

Conversely, firm size (Size) is statistically insignificant in our primary models (0.0461 for FV1 and 0.563 for FV2), indicating that once endogeneity and firm-specific heterogeneity are addressed, scale effects do not independently drive valuation in this sample. Finally, revenue growth (Growth)—which was explicitly included in the model to address reviewers' concerns—displays a negative but statistically insignificant association with firm value (-0.000332 for FV1 and -0.00168 for FV2). This lack of significance implies that future growth opportunities may not yet be fully priced by investors in the Vietnamese market, possibly due to high uncertainty or information asymmetry regarding the realization of future cash flows.

To verify the robustness of the findings, the study employs the Market-to-Book ratio (FV2) as an alternative dependent variable to Tobin's Q (FV1). The regression results reported in Table 6 indicate that the signs and significance levels of the estimated coefficients remain largely unchanged compared to the model using FV1, thereby confirming the consistency and reliability of the study's findings.

5. Conclusion and Implications

This study investigates the effect of ownership structure on firm value using an unbalanced panel of 280 non-financial firms listed in Vietnam over the 2017–2024 period. Employing a nonlinear IV–2SLS estimation approach to address endogeneity concerns, the analysis reveals heterogeneous effects of ownership components on firm value. Chairman ownership and institutional ownership exhibit positive and statistically significant impacts, while CEO ownership shows a positive but economically modest effect. Foreign ownership demonstrates an inverted U-shaped relationship with firm value, indicating beneficial effects at low to moderate levels and diminishing influence beyond an optimal threshold.

Regarding the control variables, profitability (ROA) consistently shows a strong positive association with firm value across all specifications. Financial leverage (Lev) also exerts a positive and statistically significant impact in the IV–2SLS and FGLS estimations, suggesting that the market may value the tax-shield benefits of debt or the growth opportunities financed by leverage. In contrast, firm size (Size) becomes insignificant once unobserved heterogeneity and

endogeneity are properly controlled for, and sales growth (Growth) does not exhibit a stable or significant relationship with firm value.

The study offers several theoretical contributions. First, by distinguishing between CEO and chairman ownership, it highlights the differential influence of top managerial agents in a highly concentrated ownership environment—an aspect that remains underexplored in existing literature. Second, the identification of a nonlinear relationship between foreign ownership and firm value extends the predictions of Agency Theory and Resource Dependence Theory, emphasizing the presence of an optimal ownership range in emerging markets subject to institutional and regulatory constraints. Third, the application of a nonlinear IV–2SLS framework offers a methodological advancement by addressing non-linearities and endogeneity simultaneously, providing a more nuanced perspective on the ownership–value nexus compared to traditional linear approaches.

The findings also provide important practical implications. For policymakers, the results underscore the value of encouraging the participation of institutional and foreign investors—within appropriate limits—while strengthening transparency and investor protection mechanisms. For firms, the evidence highlights the importance of designing ownership structures that balance monitoring effectiveness, strategic influence, and the risks of managerial entrenchment. For investors, the study underscores the relevance of ownership composition—particularly the role of the board chairman, institutional shareholdings, and the effective range of foreign ownership—in evaluating firm value in Vietnam's institutional context.

Overall, the study reinforces the critical role of ownership structure in shaping firm value in emerging markets and offers insights that are relevant for governance reforms, investment strategies, and future academic research.

This study has several limitations that should be acknowledged. First, although the model incorporates several standard control variables, it does not account for other critical factors that may influence firm value, such as the cost of capital, detailed cash flow indicators, and specific industry-sector effects. Furthermore, due to data constraints, the study omitted variables highly relevant to the Vietnamese institutional context, specifically the presence of a

dominant controlling shareholder and the status of the firm as a State-Owned Enterprise (SOE). The absence of these factors may lead to omitted variable bias, potentially affecting the precision of the estimated coefficients and limiting the comprehensive understanding of the ownership-value nexus in Vietnam.

Second, while we addressed endogeneity using a nonlinear IV−2SLS estimator with time-averaged (ID-mean) instrumental variables, achieving absolute exogeneity remains a significant challenge in emerging market datasets. Consequently, the results of this study should be interpreted as statistically significant "associations" rather than definitive cause-and-effect relationships. This caveat is essential as the internal instruments used, though statistically robust in our tests, may still capture some persistent unobserved firm-specific characteristics.

Third, the ownership measures utilized reflect only the proportion of shares held and do not capture the actual governance involvement, the degree of cooperation between shareholder groups, or the specific risk appetites of different investors. In a collectivist economy like Vietnam, these qualitative aspects of ownership can significantly influence monitoring behavior and managerial incentives in ways that quantitative stakes alone cannot fully represent.

Future research could extend this study by incorporating more granular governance variables, such as board independence and CEO duality, alongside financial measures like free cash flow and cost of capital. Additionally, future studies should explicitly examine the role of SOEs and principal-principal conflicts between controlling and minority shareholders to provide a deeper look into the Vietnamese corporate landscape. Finally, applying alternative econometric techniques or finding purely exogenous external instruments would help in further validating the causal nature of these associations.

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