The Influence of the Board of Directors and Ownership Structures on the Performance of Listed Companies in Thailand and Vietnam

Suthat Wongsakulchai*
Anchana NaRanong**

Abstract

This study aims to explore the impact of the board of directors and ownership structures on the performance of publicly listed companies in Thailand and Vietnam. The research focuses on a sample of companies over a two-year period (2018 and 2022), including 907 listed companies from the Stock Exchange of Thailand and the Market for Alternative Investment, and 721 listed companies from the Ho Chi Minh Stock Exchange and the Hanoi Stock Exchange, totaling approximately 2,398 observations. The study employs a quantitative research design, utilizing multiple linear regression analysis. The results, grounded in corporate governance practices and agency theory, reveal that the board of directors and ownership structures have statistically significant positive and negative effects on firm performance. These findings provide policy recommendations for policymakers and management, while also contributing to the literature on the relationships between the board of directors, ownership structures, and firm performance in both countries.

Keywords: The board of directors, ownership structures, governance, Thailand, Vietnam

* Graduate School of Public Administration, National Institute of Development Administration.
Email: suthat.won@stu.nida.ac.th
** Graduate School of Public Administration, National Institute of Development Administration.
Email: anchana8@gmail.com
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Introduction

Thailand is Vietnam's primary trading partner within ASEAN and one of the largest foreign investors in the country. Conversely, Vietnam ranks as the second-largest trading partner of Thailand within ASEAN and the fifth-largest globally (World Federation of Exchanges, 2024). This mutually beneficial partnership is expected to further enhance trade relations between the two countries in the future (Vietnam Briefing, 2023). In public companies, the structure of the board of directors in Thailand and Vietnam, particularly regarding board independence, board gender diversity, board size, and board meetings, is comparatively less developed than that observed in global and Asian contexts (De La Cruz et al., 2019; World Bank Group, 2019; Spierings, 2022; Tonello, 2022). This structure is crucial for companies, shareholders, and stakeholders, as it helps mitigate agency problems (Fama & Jensen, 1983a; Fama & Jensen, 1983b; Jensen, 1993; Fuller & Jensen, 2002) and ensures the company maintains adequate equity and liquidity in line with its risk and business scope. Additionally, ownership structures—specifically ownership concentration, foreign ownership, and government ownership—vary across ASEAN, particularly in Thailand and Vietnam, when compared to global and Asian contexts. According to the Organisation for Economic Co-operation and Development (OECD, 2023a), ownership concentration in Thailand and Vietnam is lower, with the largest three shareholders holding over 50 percent of the equity. This indicates a dispersed ownership structure in these countries, which may lead to conflicts of interest among shareholders. However, ownership concentration has the potential to mitigate agency problems (Fama & Jensen, 1983a; Fama & Jensen, 1983b). It serves as a significant internal governance mechanism, enabling owners to control and influence firm management to protect their interests (Madhani, 2016) and can impact productivity growth and business sector dynamics (De La Cruz et al., 2019). In Thailand and Vietnam, foreign ownership levels are comparatively low in both global and Asian contexts. Nonetheless, it significantly contributes to economic development and enhances the performance and market value of developing markets, particularly in these two countries. Foreign investors typically introduce capital, technology, expertise, and access to global markets, thereby fostering growth and enhancing the competitiveness of developing countries (Nazir & Afza, 2018; Saini & Singhania, 2018; Mertzanis et al., 2019). Similarly, government ownership, particularly in Thailand and Vietnam, is high compared to global and Asian contexts. It has a significant impact on high-leverage companies, leading to improved performance when governments and state-owned enterprises are involved as investors (De La Cruz et al., 2019). Moreover, it plays a crucial role in shaping corporate

decisions and economic outcomes for stakeholders (United Nations Economic and Social Commission for Asia and the Pacific, n.d.).

The distinctive features of the board of directors and ownership structures in listed companies, particularly in Thailand and Vietnam, compared to developed countries, necessitate further study in this ongoing research. Therefore, the objectives of this study are to investigate the influence of the board of directors and ownership structures on the performance of listed companies in Thailand and Vietnam, and to compare these effects between the two countries. The research questions guiding this study are: "What is the influence of the board of directors and ownership structures on the performance of listed companies in Thailand and Vietnam?" and "What differences and similarities exist in the factors affecting companies' performance between Thailand and Vietnam?" This research will focus on 907 listed companies in Thailand and 721 listed companies in Vietnam, employing a quantitative approach using multiple linear regression analysis. Furthermore, this study contributes to the existing literature by providing empirical evidence on the impact of the board of directors and ownership structures on the performance of listed companies in emerging markets, specifically Thailand and Vietnam. Through a comparative analysis of these two countries, the study offers insights into the similarities and differences in governance practices and their effects on company performance. The findings and policy recommendations of this study provide significant guidance to policymakers, investors, business executives, academic scholars, and other stakeholders (e.g., customers, partners, suppliers, employees, creditors, and government) for implementing governance practices and strategies that enhance company performance and contribute to economic development in the contexts of Thailand and Vietnam.

Theoretical Framework

Corporate Governance

The Corporate Governance Code guides the board of directors in meeting expectations by integrating principles from various sources. This Code outlines the board's role in creating long-term value that benefits the company, shareholders, stakeholders, the capital market, and society (Securities and Exchange Commission, 2017). The OECD emphasizes that corporate governance frameworks should ensure transparency, fairness, and adherence to the rule of law. These frameworks should protect shareholders' rights, provide equitable treatment, and offer solutions for addressing violations. Additionally, they should promote good governance in stock markets, timely disclosure of information,

effective board oversight, and accountability to both the company and its shareholders, as well as decisions that enhance corporate sustainability and resilience (OECD, 2023b).

Agency Theory

According to Jensen and Meckling (1976), Fama and Jensen (1983a), Jensen and Smith (1985), and Perrow (1986), an agency relationship is a contract in which one or more persons (i.e., the principals—outside stakeholders of debt and equity) employ another person (the agent—managers) to provide services on their behalf. This arrangement involves granting the agent the authority to make decisions to ensure that they act in the principals' best interests. However, when both parties in this relationship seek to maximize their own utility, the agent may not always act in the principal's best interests. Managing agency issues is crucial for the survival of organizational structures. Agency costs, which represent potential conflicts of interest between stakeholders, are regulated through decision structures that distinguish between the management and control of key decisions (Fama & Jensen, 1983a; Jensen & Smith, 1985; Fuller & Jensen, 2002). Additionally, the board of directors' committee, composed of external members as independent directors, is responsible for overseeing and appraising the performance of board members, as well as controlling the compensation of internal board members (Jensen & Smith, 1985). A larger board can be ineffective in monitoring the firm due to challenges such as reduced accountability and failures in internal control (Jensen, 1993). The board of directors should schedule regular meetings with top management and provide opportunities for one-on-one interactions with key managers to facilitate communication regarding the company's strategy (Fuller & Jensen, 2002). When outside equity holders have voting rights, it influences managers' considerations of long-term welfare (Jensen & Meckling, 1976). Ownership structure also affects the efficiency and value of an organization (Jensen, 1993).

Performance Approach

The fundamental objective of all business ventures is to achieve profitability, which is typically measured by metrics such as return on assets (ROA), return on equity (ROE), and earnings per share (EPS). Profitability is crucial for the firm's viability. Profitability ratios, comprising both financial and economic profits as defined by Hofstrand and Johanns (2019, p. 3), are described as follows: (1) Financial profits assess business viability. While a single year of losses may not significantly impact the firm, multiple consecutive periods of losses or insufficient net income to cover expenses can threaten business viability. (2) Economic profits provide a long-term perspective on the business. If an opportunity exists to generate

higher income by reallocating resources, including both capital and labor, it may be necessary to reconsider the continuation of the current business.

Literature Review

Regarding the structures of the board of directors, independent boards in developing countries such as Bahrain, Indonesia, India, Pakistan, and Palestine positively influence firm performance metrics, including return on assets (ROA) and return on equity (ROE) (Ahmed & Hamdan, 2015; Nazir & Afza, 2018; Saini & Singhania, 2018; Harymawan et al., 2019; Musallam, 2020; Boshnak, 2021). This finding aligns with agency theory, which posits that an independent board of directors effectively oversees and evaluates board members' performance and controls the compensation of internal board members. Puni and Anlesinya (2020) suggest that an effective board should consist of both inside and outside directors. In India, Indonesia, Bangladesh, and Malaysia, gender-diverse boards positively impact firm performance metrics such as ROA, ROE, and earnings per share (EPS) (Saini & Singhania, 2018; Khatib & Nour, 2021; Meah et al., 2021; Zarefar & Narsa, 2023). This research supports corporate governance practices and agency theory by demonstrating that well- managed and gender-diverse boards enhance oversight functions, reduce agency costs, and improve company performance. Conversely, in developing countries such as Saudi Arabia and Turkey, larger board sizes are associated with decreased firm performance metrics, such as ROA and ROE (Coleman & Wu, 2021). This suggests that, according to agency theory, larger boards may struggle with effective monitoring due to challenges such as reduced accountability and failures in internal control (Jensen, 1993). Additionally, board meetings have been found to enhance firm performance in Nigeria, Ghana, and Thailand, as evidenced by improvements in ROA, ROE, and EPS (Al Farooque et al., 2020; Coleman & Wu, 2021). This finding supports agency theory, which proposes that a higher frequency of board meetings strengthens the board's oversight, advisory, and disciplinary functions, thereby improving performance and maximizing shareholder wealth.

Additionally, regarding ownership structures, Hang (2022) found that higher ownership concentration among the top three shareholders in Vietnam correlates with improved firm performance in terms of ROA. This finding supports agency theory and underscores the effectiveness of concentrated ownership in reducing agency costs and enhancing corporate performance. In developed countries such as Taiwan, foreign ownership positively impacts firm performance metrics such as ROA and ROE (Kao et al., 2019). Increased foreign ownership not only improves performance but also enhances investor

perception and sustains long-term economic value through effective monitoring by foreign investors with substantial ownership stakes and long-term engagement. In Turkey, Ciftci et al. (2019) reported a negative influence on firm performance as measured by ROA. This finding supports agency theory by demonstrating that foreign ownership through foreign direct investment (FDI) establishes connections with the external environment and reduces dependency on local resources. Conversely, Ararat et al. (2017) suggest that government ownership in Turkey and Vietnam plays a significant role in regulating and overseeing managers, aligning with the principles of agency theory. Therefore, it is crucial for governments to maintain effective oversight, regulation, and management to ensure efficient operations and mitigate risks that could impact economic development.

Conceptual Framework

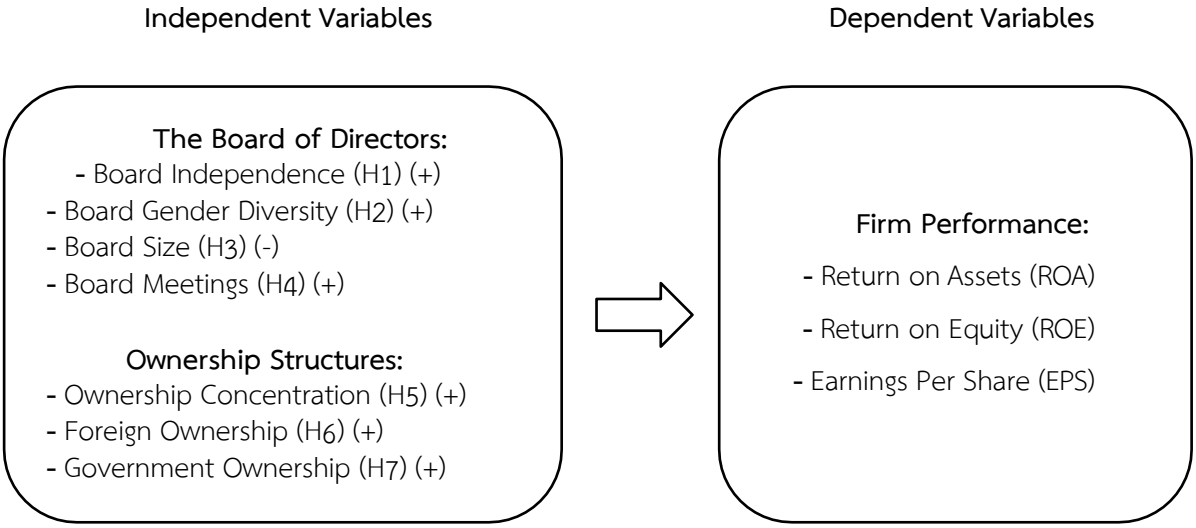

Figure 1. The Influences of Board of Directors and Ownership Structures on the Performance of Companies in Thailand and Vietnam

Hypotheses

This study investigates the relationships among the board of directors, ownership structures, and the performance of listed companies in Thailand and Vietnam. The hypotheses presented in Table 1 summarize these relationships.

Table 1. Summary of the Hypotheses.

Hypotheses
H1: Board independence positively impacts the performance of listed firms.
H2: Board gender diversity positively impacts the performance of listed firms.
H3: Board size negatively impacts the performance of listed firms.
H4: Board meetings positively impact the performance of listed firms.
H5: Ownership concentration positively impacts the performance of listed firms.
H6: Foreign ownership positively impacts the performance of listed firms.
H7: Government ownership positively impacts the performance of listed firms.

For this research, as illustrated in Figure 1, the literature review is organized as a conceptual framework that investigates the influence of the board of directors and ownership structures on the performance of listed firms. The dependent variables include performance metrics such as return on assets, return on equity, and earnings per share. The study incorporates seven independent variables, comprising aspects of the board of directors (e.g., board independence, board gender diversity, board size, and board meetings) and ownership structures (e.g., ownership concentration, foreign ownership, and government ownership).

Multiple Regression

Inferential statistical procedures used in this research include multiple regression analysis to examine the relationships among the board of directors, ownership structures, and the performance of listed companies in Thailand and Vietnam. Hypothesis testing will be performed to assess the significance of these relationships at statistical levels of 1 percent, 5 percent, and 10 percent. The models employed for Thailand (Models 1 -3) and Vietnam (Models 4-6) are outlined as follows:

Model 1:

$$ROA_{i,t} = \beta_0 + \beta_1 BI_{i,t} + \beta_2 BGD_{i,t} + \beta_3 BS_{i,t} + \beta_4 BM_{i,t} + \beta_5 OC_{i,t} + \beta_6 FO_{i,t} + \beta_7 GO_{i,t} + \varepsilon_{i,t}$$

Model 2:

$$ROE_{i,t} = \beta_0 + \beta_1 BI_{i,t} + \beta_2 BGD_{i,t} + \beta_3 BS_{i,t} + \beta_4 BM_{i,t} + \beta_5 OC_{i,t} + \beta_6 FO_{i,t} + \beta_7 GO_{i,t} + \varepsilon_{i,t}$$

Model 3:

$$EPS_{i,t} = \beta_0 + \beta_1 BI_{i,t} + \beta_2 BGD_{i,t} + \beta_3 BS_{i,t} + \beta_4 BM_{i,t} + \beta_5 OC_{i,t} + \beta_6 FO_{i,t} + \beta_7 GO_{i,t} + \varepsilon_{i,t}$$

Model 4:

$$ROA_{i,t} = \beta_0 + \beta_1 BI_{i,t} + \beta_2 BGD_{i,t} + \beta_3 BS_{i,t} + \beta_4 BM_{i,t} + \beta_5 OC_{i,t} + \beta_6 FO_{i,t} + \beta_7 GO_{i,t} + \varepsilon_{i,t}$$

Model 5:

$$ROE_{i,t} = \beta_0 + \beta_1 BI_{i,t} + \beta_2 BGD_{i,t} + \beta_3 BS_{i,t} + \beta_4 BM_{i,t} + \beta_5 OC_{i,t} + \beta_6 FO_{i,t} + \beta_7 GO_{i,t} + \varepsilon_{i,t}$$

Model 6:

$$EPS_{i,t} = \beta_0 + \beta_1 BI_{i,t} + \beta_2 BGD_{i,t} + \beta_3 BS_{i,t} + \beta_4 BM_{i,t} + \beta_5 OC_{i,t} + \beta_6 FO_{i,t} + \beta_7 GO_{i,t} + \varepsilon_{i,t}$$

In the specified model, the dependent variables denoted as $Y_{i,t}$ represent the firm performance metrics (i.e., ROA, ROE, and EPS). The parameters include β_0, representing the intercept; "i" signifying the firm; "t" designating the year; and ε representing the error term. The seven independent variables are board independence (BI), board gender diversity (BGD), board size (BS), board meetings (BM), ownership concentration (OC), foreign ownership (FO), and government ownership (GO).

Research Methodology

Data Sources

The primary data sources for this study include financial information obtained from various databases. Data for the years 2018 and 2022 were collected from Vietstock and Thomson Reuters Eikon. Additionally, publicly available annual reports, financial statements, corporate websites, and information from the Stock Exchange of Thailand (SET), the Market for Alternative Investment (MAI), the Ho Chi Minh Stock Exchange (HOSE), the Hanoi Stock Exchange (HNX), and relevant reports were utilized.

Sample Selection

As shown in Table 2, the sample consists of a total of 907 listed companies from both the Stock Exchange of Thailand and the Market for Alternative Investment for the period from 2018 to 2022. In Vietnam, the study includes 392 listed companies from the Ho Chi Minh Stock Exchange and 329 listed companies from the Hanoi Stock Exchange. Thus, the total number of observations across both countries amounts to approximately 2,398.

Table 2. Breakdown of the Sample Selection Process for the Capital Markets of Both Thailand and Vietnam

Capital Markets	Samples
1. Thailand	
Total number of firms on the SET & MAI	907
Minus: firms excluded due to insufficient or missing data	286
Total number of firms considered	621
Number of firm-year observations for the years 2018 and 2022	2
Total number of observations	**1242**
2. Vietnam	
Total number of firms on the HOSE & HNX	721
Minus: firms with insufficient or missing data	143
Total number of firms considered	578
Number of firm-year observations for the years 2018 and 2022	2
Total number of observations	**1156**
Total observations from Thailand and Vietnam	**2398**

Variables and Measurement

As illustrated in Table 3, the independent variables include board independence, board gender diversity, board size, board meetings, ownership concentration, foreign ownership, and government ownership. The dependent variables are firm performance metrics, measured by return on assets, return on equity, and earnings per share.

Table 3. Measurement of Variables

Variables	Indices	Measurement
Dependent Variables:		
Earnings Per Share	EPS	Net income minus dividends on preferred stocks divided by the average outstanding shares
Return on Assets	ROA	Net income divided by total assets
Return on Equity	ROE	Net income divided by total shareholders' equity
Independent Variables:		
Board Independence	BI	Number of directors as independent directors to the total directors on the board
Board Gender Diversity	BGD	Proportion of female members of the board to the total directors on the board
Board Size	BS	Total number of directors on the board
Board Meetings	BM	Total number of meetings of directors on the board each year
Ownership Concentration	OC	Proportion of the shareholders holding at least five percent of outstanding shares
Foreign Ownership	FO	Proportion of outstanding shares held by foreign-related shareholders
Government Ownership	GO	Proportion of the government-related shareholders' outstanding shares

Results

Table 4. Descriptive Statistics of Models 1-3 for Thailand

Variables	N	Minimum	Maximum	Mean	Std. Deviation
ROA	1,189-1,206	-28.18	30.79	3.625	6.806
ROE	1,189-1,206	-126.38	84.69	5.458	16.943
EPS	1,189-1,206	-8.38	16.93	0.772	2.045
BI	1,189-1,206	11.00	78.00	42.560	9.236
BGD	1,189-1,206	0.00	86.00	20.572	14.348
BS	1,189-1,206	5.00	21.00	9.727	2.344
BM	1,189-1,206	1.00	24.50	7.404	3.198
OC	1,189-1,206	0.00	99.99	54.968	18.471
FO	1,189-1,206	0.00	97.10	11.836	18.095
GO	1,189-1,206	0.00	53.85	1.239	6.366

Table 4 presents the descriptive statistics for all variables within models 1 -3 for Thailand. The average ROA, ROE, and EPS are 3.625, 5.458, and 0.772, respectively. The standard deviations for ROA, ROE, and EPS are 6.806, 16.943, and 2.045, respectively. These statistics are derived from a dataset consisting of approximately 1,189 to 1,206 observations.

Table 5. Descriptive Statistics of Models 4-6 for Vietnam

Variables	N	Minimum	Maximum	Mean	Std. Deviation
ROA	1,002-1,034	-20.02	30.05	5.192	6.262
ROE	1,002-1,034	-25.32	43.32	9.877	9.485
EPS	1,002-1,034	-1.49	10.63	6.768	1.818
BI	1,002-1,034	11.00	78.00	42.481	9.224
BGD	1,002-1,034	0.00	70.00	20.759	14.308
BS	1,002-1,034	5.00	21.00	9.754	2.3401
BM	1,002-1,034	1.00	24.50	7.369	3.177
OC	1,002-1,034	0.00	99.99	55.230	18.425
FO	1,002-1,034	0.00	97.10	11.793	18.173
GO	1,002-1,034	0.00	53.85	1.268	6.444

Table 5 presents the descriptive statistics for all variables within models 4-6 for Vietnam. The average ROA, ROE, and EPS are 5.192, 9.877, and 6.768, respectively. The standard deviations for ROA, ROE, and EPS are 6.262, 9.485, and 1.818, respectively. These statistics are based on a dataset consisting of approximately 1,002 to 1,034 observations.

Table 6. Results From Multiple Linear Regression Models 1-3 for Thailand

Variables	Model 1 (ROA)		Model 2 (ROE)		Model 3 (EPS)	
	B	p-value	B	p-value	B	p-value
(Constant)	-1.177	0.971	15.477	0.841	-11.129	0.234
BI	-0.014	0.425	-0.031	0.463	0.009	0.071*
BGD	0.030	0.005***	0.079	0.002***	0.012	0.000***
BS	0.158	0.044**	0.202	0.290	0.149	0.000***
BM	-0.230	0.000***	-0.666	0.000***	0.007	0.619
OC	0.032	0.000***	0.039	0.050**	0.003	0.182
FO	0.005	0.600	0.001	0.987	0.022	0.000***
GO	-0.003	0.907	-0.039	0.531	0.013	0.083*
R		0.414		0.451		0.455
R^2		0.172		0.204		0.207
VIF		< 2		< 2		< 2
Durbin-Watson		1.960		1.964		2.042
Cook's Distance		0.016		0.130		0.116
N		1,189		1,206		1,199

Note: ***, **, and * denote significance levels at 1 percent, 5 percent, and 10 percent, respectively

Models 1-3 for Thailand are detailed in Table 6 as follows:

(1) The findings from regression model 1 indicate that board gender diversity (BGD), board size (BS), and ownership concentration (OC) have statistically significant positive effects on firm performance, measured by return on assets (ROA), at the 1 percent and 5 percent significance levels. Conversely, board meetings (BM) exhibit a statistically significant negative effect on firm performance (ROA) at the 1 percent significance level. The multiple linear regression equation for model 1 is as follows:

$$ROA = -1.177 - 0.014(BI) + 0.030(BGD) + 0.158(BS) - 0.230(BM) + 0.032(OC) + 0.005(FO) - 0.003(GO)$$

(2) The findings from regression model 2 indicate that board gender diversity (BGD) and ownership concentration (OC) have statistically significant positive effects on firm performance, measured by return on equity (ROE), at the 1 percent and 5 percent significance levels. Conversely,

board meetings (BM) exhibit a statistically significant negative effect on firm performance (ROE) at the 1 percent significance level. The multiple linear regression equation for model 2 is presented as follows:

$$ROE = 15.477 - 0.031(BI) + 0.079(BGD) + 0.202(BS) - 0.666(BM) + 0.039(OC) + 0.001(FO) - 0.039(GO)$$

The findings from regression model 3 indicate that board independence (BI), board gender diversity (BGD), board size (BS), foreign ownership (FO), and government ownership (GO) have statistically significant positive effects on firm performance, measured by earnings per share (EPS), at the 1 percent and 10 percent significance levels. The multiple linear regression equation for model 3 is displayed as follows:

$$EPS = -11.129 + 0.009(BI) + 0.012(BGD) + 0.149(BS) + 0.007(BM) + 0.003(OC) + 0.022(FO) + 0.013(GO)$$

Moreover, the R^2 values for Models 1 to 3 range from 17 percent to 21 percent. This indicates that the board of directors and ownership structures in Thailand account for approximately 17 percent to 21 percent of the variation in firm performance.

Table 7. Results From Multiple Linear Regression Models 4-6 for Vietnam

Variables	Model 4 (ROA)		Model 5 (ROE)		Model 6 (EPS)	
	B	p-value	B	p-value	B	p-value
(Constant)	-1.446	0.408	-6.061	0.027	4.724	0.000
BI	0.013	0.495	0.023	0.422	0.001	0.926
BGD	0.028	0.001***	0.026	0.046**	0.001	0.703
BS	0.452	0.001***	0.802	0.000***	0.134	0.001***
BM	-0.006	0.745	0.047	0.077*	-0.003	0.518
OC	0.039	0.000***	0.065	0.000***	0.019	0.000***
FO	0.034	0.005***	0.048	0.008***	0.006	0.100*
GO	0.001	0.920	-0.005	0.787	-0.006	0.053*
R		0.429		0.348		0.370
R^2		0.184		0.121		0.137
VIF		< 4		< 4		< 4
Durbin-Watson		1.947		2.011		1.536
Cook's Distance		0.033		0.020		0.048
N		1,032		1,034		1,002

***, **, and * denote significance levels at 1 percent, 5 percent, and 10 percent, respectively.

Models 4-6 for Vietnam are detailed in Table 7 as follows:

(1) The findings from regression model 4 indicate that board gender diversity (BGD), board size (BS), ownership concentration (OC), and foreign ownership (FO) have statistically significant positive effects on firm performance, measured by return on assets (ROA), at the 1 percent significance level. The multiple linear regression equation for model 4 is as follows:

$$ROA = -1.446 + 0.013(BI) + 0.028(BGD) + 0.452(BS) - 0.006(BM) + 0.039(OC) + 0.034(FO) + 0.001(GO)$$

(2) The findings from regression model 5 indicate that board gender diversity (BGD), board size (BS), board meetings (BM), ownership concentration (OC), and foreign ownership (FO) have statistically significant positive effects on firm performance, measured by return on equity (ROE), at the 1 percent, 5 percent, and 10 percent significance levels. The multiple linear regression (MLR) equation for model

5 is as follows:

ROE = −6.061 + 0.023(BI) + 0.026(BGD) + 0.802(BS) + 0.047(BM) + 0.065(OC) + 0.048(FO) − 0.005(GO)

(3) The findings from regression model 6 indicate that board size (BS), ownership concentration (OC), and foreign ownership (FO) have statistically significant positive effects on firm performance, measured by earnings per share (EPS), at both the 1 percent and 10 percent significance levels. Conversely, government ownership (GO) exhibits a statistically significant negative effect on firm performance (EPS) at the 10 percent significance level. The multiple linear regression equation for model 6 is as follows:

EPS = 4.724 + 0.001(BI) + 0.001(BGD) + 0.134(BS) − 0.003(BM) + 0.019(OC) + 0.006(FO) − 0.006(GO)

Table 8. Summary of Hypotheses for Models 1-6 in Thailand and Vietnam

Hypotheses	Expected Signs	Observed Signs	Results
H1: Board independence positively impacts the performance of listed firms.	+	+	Support
H2: Board gender diversity positively impacts the performance of listed firms.	+	+	Support
H3: Board size negatively impacts the performance of listed firms.	-	+	No Support
H4: Board meetings positively impact the performance of listed firms.	+	+/-	Support
H5: Ownership concentration positively impacts the performance of listed firms.	+	+	Support
H6: Foreign ownership positively impacts the performance of listed firms.	+	+	Support
H7: Government ownership positively impacts the performance of listed firms.	+	+/-	Support

In this study, for models 1-6, as depicted in Tables 6 and 7, the variance inflation factor (VIF) values range approximately between 1 and 4, indicating a low level of multicollinearity. The Durbin-Watson test results fall within the acceptable range of 1.50 to 2.50, suggesting no significant autocorrelation. Additionally, the Cook's Distance (Di) values are all below 1, indicating the absence of influential outliers.

Table 8 supports the rejection of the null hypothesis (H0) in favor of the alternative hypothesis (H1). The results obtained from models 1-6 align with hypotheses 1, 2, and 4-7, while showing an inverse correlation with hypothesis 3. The results from the multiple linear multiple linear regression analyses conducted in Thailand and Vietnam demonstrate statistical significance across all models, with p-values less than 0.01, 0.05, and 0.10 for hypotheses 1-7. A summary of the results regarding the effects of the board of directors and ownership structures on firm performance in Thailand and Vietnam is presented in Table 9.

Table 9. Summary of the Results of the Effects of the Board of Directors and Ownership Structures on Firm Performance in Thailand and Vietnam

Variables	Firm Performance	
	Thailand	Vietnam
Board Independence	Positive	No effect
Board Gender Diversity	Positive	Positive
Board Size	Positive	Positive
Board Meetings	Negative	Positive
Ownership Concentration	Positive	Positive
Foreign Ownership	Positive	Positive
Government Ownership	Positive	Negative

Based on the findings presented in Table 9, this study identifies both similarities and differences in the effects of the board of directors and ownership structures on firm performance in Thailand and Vietnam. In both countries, four independent variables—board gender diversity, board size, ownership concentration, and foreign ownership—similarly influence firm performance metrics (ROA, ROE, and EPS). Conversely, three independent variables—board independence, board meetings, and government ownership—demonstrate differing effects on firm performance (ROA, ROE, and EPS) between the two countries.

Discussion

The analysis of the board of directors and the performance of listed companies in Thailand and Vietnam, as detailed in Table 9, reveals that in Thailand, larger independent boards can enhance firm profitability, which supports Hypothesis 1. This finding is consistent with several studies (Ahmed & Hamdan, 2015; Nazir & Afza, 2018; Saini & Singhania, 2018; Harymawan et al., 2019; Musallam, 2020;

Puni & Anlesinya, 2020; Boshnak, 2021). In contrast, in Vietnam, board independence does not impact firm performance. Regarding board gender diversity, both countries demonstrate improved firm performance, aligning with Hypothesis 2 and corroborating the results of various studies (Saini & Singhania, 2018; Khatib & Nour, 2021; Meah et al., 2021; Zarefar & Narsa, 2023). In both Thailand and Vietnam, larger boards can offer a broader range of expertise and experience, which potentially enhances firm performance, contrary to Hypothesis 3. This proposition is supported by research (Al Farooque et al., 2020; Coleman & Wu, 2021). A higher frequency of board meetings improves the board's oversight, advisory, and disciplinary functions, leading to better firm performance, in line with Hypothesis 4. This finding is supported by Coleman & Wu (2021). However, in Thailand, frequent board meetings are associated with statistically significant negative impacts on firm performance, consistent with the findings of Al Farooque et al. (2020). This suggests the importance of prioritizing the optimization of both the frequency and quality of board meetings to ensure they are productive and strategically focused.

The analysis of ownership structures and the performance of publicly listed companies in Thailand and Vietnam, as presented in Table 9, reveals that in both countries, significant shareholders with increased voting rights enhance their ability to regulate and influence managerial decisions, leading to improved firm performance, which aligns with Hypothesis 5. This finding is consistent with Hang (2022). Additionally, in both countries, foreign ownership through foreign direct investment enhances the guidance and recommendations provided by the board of directors, resulting in better firm performance, consistent with Hypothesis 6. This finding supports the study by Kao et al. (2019). Regarding government ownership, high government ownership in Thailand can improve firm performance, in line with Hypothesis 7 and consistent with the study by Ararat et al. (2017). In contrast, in Vietnam, government ownership is associated with statistically significant negative impacts on firm performance. This finding suggests that high levels of government ownership may raise concerns regarding market efficiency and firm performance, despite the potential benefits of government ownership in enhancing profitability, operational efficiency, and risk mitigation, as noted by Ciftci et al. (2019). Therefore, it is crucial to find an appropriate balance between government control and market efficiency in relation to government ownership of listed companies.

Conclusion

The board of directors and ownership structures play critical roles in shaping publicly listed companies in Thailand and Vietnam, revealing several key findings. In Thailand, higher board independence enhances firm performance, which aligns with agency theory, suggesting effective governance through independent oversight. Board gender diversity positively impacts firm performance in both countries, supporting the idea that gender-diverse boards improve oversight functions and reduce agency costs, leading to better firm performance.

In both Thailand and Vietnam, larger boards are associated with improved firm performance, a finding that diverges from agency theory, which typically advocates for smaller boards to mitigate CEO influence. In Vietnam, a higher frequency of board meetings improves firm performance, consistent with agency theory's suggestion that frequent meetings enhance oversight and advisory functions. However, in Thailand, a high frequency of board meetings is associated with reduced firm performance, indicating potential inefficiencies or issues within the board's functioning.

Ownership concentration in both countries improves firm performance, supporting agency theory. Significant shareholders enhance their ability to regulate managerial decisions, leading to higher firm performance and reduced agency costs. Foreign ownership in both countries also boosts firm performance, suggesting that foreign direct investment and collaboration between local and foreign board members enhance performance, in alignment with agency theory. In Thailand, government ownership positively impacts firm performance, indicating that it can play a crucial role in regulating and overseeing managers, consistent with agency theory. Conversely, in Vietnam, government ownership may diminish firm performance, reflecting potential issues with organizational efficiency despite its possible benefits in profitability and risk mitigation.

Policy Recommendations

Firstly, policymakers and corporate management in both countries should prioritize the implementation of governance structures that balance the advantages of independent oversight with strategies aimed at enhancing firm profitability. It is essential for policymakers to support and potentially require gender diversity on corporate boards to achieve these benefits. Furthermore, efforts should be directed toward optimizing board size to achieve a balance between diverse expertise and

maintaining effective governance. In addition, policymakers and relevant authorities should establish clear guidelines or recommendations to assist companies in determining the optimal frequency of board meetings, ensuring continuous and effective oversight that ultimately contributes to improved financial performance and maximized shareholder wealth. Moreover, policymakers should support governance structures that allow significant shareholders to hold substantial voting rights, thereby increasing their influence on managerial decisions while at the same time protecting the rights of minority shareholders to prevent potential abuses. The promotion of foreign direct investment (FDI) should also be a key policy objective, given its positive impact on firm performance. Lastly, policymakers must strive to achieve an optimal balance between government control, market efficiency, and organizational effectiveness in the context of state ownership of companies. For example, the government of Thailand has enacted a national infrastructure policy, comprising 72 projects from 2017 to 2036, including initiatives such as the Thailand-China high-speed rail development project and the Land Bridge Project, in collaboration with both domestic and international private sectors. Similarly, the government of Vietnam has introduced a national smart city policy aimed at developing six smart cities by 2030, with support from the U.S. Department of Commerce under the U.S.–ASEAN Smart Cities Partnership framework. These policies in Thailand and Vietnam are anticipated to enhance national infrastructure, improve connectivity, promote trade and economic growth, support regional development, boost tourism, increase investment, foster economic collaboration with international partners, reduce logistics costs, and deliver environmental benefits. Furthermore, they have the potential to stimulate macroeconomic growth across various industries and create opportunities for listed companies in sectors such as cashless society initiatives, educational services, public health services, and online transportation options, including both private and public transportation services.

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