

THE MODERATING EFFECTS OF STATE OWNERSHIP AND DUALITY ON THE RELATIONSHIP BETWEEN INTERNATIONALISATION AND FIRM PERFORMANCE: A CASE STUDY OF LISTED FIRMS IN VIETNAM

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ABSTRACT

This study was aimed at assessing the moderating effects of state ownership and chief executive officer (CEO) duality on the relationship between internationalisation and the performance of listed firms in the Hanoi Stock Exchange (HNX). A detailed panel data set of listed firms between 2009 and 2018 was analysed and the ordinary least squares (OLS) results revealed that the performance of high internationalising firms with high state ownership was higher than that of those with low or non-state ownership. In contrast, the performance of high internationalising firms governed by CEO duality was lower than that of those without duality. The findings integrate the arguments of the resource-based view and the Uppsala model applied in the transition economy that suggest internationalising listed firms acquire certain benefits from the state, and the separation of the highest two positions in such firms facilitates the exact anticipation of uncertainties and risks in making business decisions.

Keywords: CEO duality, listed firms, internationalisation, state ownership, Vietnam

INTRODUCTION

Internationalisation is one of the most critical strategies for firms' growth since this allows them to enjoy advantages through advanced knowledge and experience from stakeholders in international markets (Barkema & Vermeulen, 1998; Su et al., 2020). Many studies have investigated the effect of internationalisation on firm performance. However, the empirical results are mixed and inconsistent (Wang et al., 2020; Wei & Nguyen, 2020). Some studies pointed to a linear relationship (Lin et al., 2011; Hsu et al., 2013; Sun et al., 2019) while others confirmed a nonlinear relationship (Contractor et al., 2007; De Jong & van Houten, 2014; Abdi & Aulakh, 2018). Most of these studies investigated firms from developed economies. International business (IB) literature has indicated that the internationalising firms' strategies in developed economies differ significantly from that of transition economies due to different institutional frameworks (Dut & Phuong, 2017; Meschi et al., 2016). Very few studies have focused on Vietnam – a transition economy, especially examining listed firms there. Studying this issue in a transition economy is critical for many reasons. First, these firms often have enough financial resources to participate in international markets because of their large authorised capital. The first stage of these firms' internationalisation process is normally through export activities. Second, through stock markets, firms are able to mobilise capital, be flexible with it as well as use resources more effectively. These allow internationalising firms to have greater advantages and opportunities to integrate into the world trade than their non-internationalising counterparts. The objective of the current study is to bridge this research gap and assess the effect of internationalisation on the performance of listed firms on the Hanoi Stock Exchange (HNX), which is one of the two emerging stock markets established in early 2000s. The study argues that state ownership and the duality of chief executive officer (CEO) and the chairman of the board of directors are likely to moderate the relationship between internationalisation and firm performance due to the crucial role of state ownership and the CEO in a transition economy.

This study contributes to IB literature in twofold. First, it builds on two key and expended theories (Dabić et al., 2020) – internationalisation model (Johanson & Vahlne, 1977) and resource-based view (Barney, 1991), as well as theoretical arguments on the effect of internationalisation on firm performance in a transition economy and the moderating role of state ownership and the CEO duality. Second, empirical evidence from a unique panel data derived from listed firms in the transition economy strengthens new insights on how the effect of internationalisation on listed firms' performance in a transition economy as well as the moderating role of state ownership and the CEO duality on such relationship.

Hence, the study argues integrated theoretical views and empirical findings provide a new platform in IB literature thereby, offering a future research agenda in transition economy contexts.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Internationalisation and Firm Performance

The most popular internationalisation model is called Uppsala Model (Johanson & Vahlne, 1977) which suggests that firms with better market knowledge and experience will increase their commitment to participate in international markets and boost their internationalisation performance. This is because the knowledge and experience applied in a particular international market can hardly be transferred to other individuals or markets. The resource-based view (Barney, 1991) on the other hand is predicated on the assumption that gaining and preserving sustainable competitive advantages is a function of the firm's core resources and capabilities since the latter are the primary source of the firm's success. In addition, heterogeneity in organisational resources enables differences in competitive advantages and firm performance. Consequently, a firm's international expansion represents an attempt to exploit valuable intangible resources, such as technological capabilities, well-established brand names, or management know-how (Hsu & Pereira, 2008). Therefore, its internationalisation is likely to improve firm performance by increasing sales in foreign markets, leveraging intangible resources and exploiting relationships among business segments and geographic areas among others (Hsu & Pereira, 2008).

Applying internationalisation model (Johanson & Vahlne, 1977) and resource-based view (Barney, 1991) in the context of firms in transition economy like Vietnam, earlier studies have argued that the firms' internationalisation is deemed as an intervening mechanism, which facilitates transferring the firms' relevant resources abroad. This generates great opportunities for firms to extend their business networks and learning experience that improves the productive use of resources, thereby boosting their value added performance. In order to exploit the firm's resources productively in foreign markets through greater international market expansion, together with their own stand-alone resources and routine capabilities, firms normally use their own recombination skills to recombine firm-specific advantages and location of the host country. The latter have to fit with such firm-specific advantages. Additionally, the firms' development of skills and competencies as well as their experiences by learning from international markets

help them to achieve competitive advantages. These unique ways also create value-added, thus enhancing internationalising the firm's performance. Therefore, the following hypothesis was formulated:

H1: The greater the degree of the firm's internationalisation, the greater is its performance.

The Moderating Role of State Ownership

As discussed above, there is a positive linear effect of the degree of a firm's internationalisation on its performance. Many studies have focused on ownership structure because it is the cornerstone of supervision and control of the firm performance. Additionally, an effective ownership structure can benefit all stakeholders (Faysal et al., 2020). According to the resource-based view (Barney, 1991), firms with rare and inimitable resources are likely to create sustained competitive advantages for themselves. That study further stated that the advantage of firms with state shareholders is their financial resource are strongly supported by government which other firms do not possess. State ownership entails significant advantages for firms, such as "patient capital" for long-term investments, and exclusive rights to operate in certain industries or geographical areas among others (Aguilera et al., 2021). Firms with state ownership adopt resources for substantial projects or business opportunities that private firms find hard to acquire. Hence, the current study argues that internationalising firms with high state ownership is likely to achieve better performance than that those with low or non-state ownership. This is because of several reasons. First, listed firms with state shareholders in HNX are the co-owned firms, which are owned by both state and privates, but the privates only own them partially. Therefore, the state owners of the listed firms have clear mandates and responsibilities to pursue the firms' business aims and performance, which are likely to be assigned by government. Moreover, such firms face additional pressure of monitoring from private co-owners. It thus, is likely to increase the propensity of firms to choose value-maximising projects. Eventually, international strategies are promoted primarily by these pressures on the firm's financial returns.

Second, resources relating to government are likely to allow firms with state ownership to take specific advantages of penetrating into international markets via tax holidays/preference, government subsidies (Yi et al., 2022), political connections offering privileged access to important information about foreign environments, bilateral trade and investment negotiations as well as other support

system. These advantages are not unavailable to firms with non-state shareholders (Benito et al., 2016). This usually happens in transition economies (Vo, 2015). Therefore, co-owned firms' internal resources relating to state ownership not only affect directly the likelihood of such firms' foreign market expansion, but also enhance the acquirement capabilities of firms for gaining benefits from their internationalising activities. Consequently, the second hypothesis of the study is proposed:

H2: The performance of internationalising firms with high state ownership is likely higher than those with low or non-state ownership.

The Moderating Role of the Duality of CEO and the Chairman of the Board

Boyd (1995) argued that the duality of CEO and the chairman of board is able to influence heavily on firm performance. The reason is that such position presents a high degree of independence in thought and decisions as he/she is assigned both two roles simultaneously. This is likely to limit the amount of external information, which are great potential to strengthen internationalising activities. Furthermore, an individual cannot perceive and anticipate uncertainties, and risks always exist in international business environments that influence directly a business decision. Thus, the duality of the highest two positions in firms may impede the efficiency of firms' international management strategy mostly (Hsu et al., 2013). Additionally, Sanders and Carpenter (1998) emphasised that in complex environments, firms with a high degree of internationalisation should exercise greater delegation of authority and the division of responsibility for the purpose of gaining assigned tasks productively and efficiently. Consequently, the separation of CEO and the chairman of the board is crucial to develop effective monitoring (Dakhlallh et al., 2019) to reduce the ability of the latter to pursue personal interests (Song & Kang, 2018) and this is likely to bring more benefits for high internationalising firms. Hence, the third hypothesis is formulated:

H3: The performance of high internationalising firms governed by CEO with the duality of the chairperson of the board is lower than that of those managed by CEO without duality.

The theoretical model of the study is described in Figure 1.

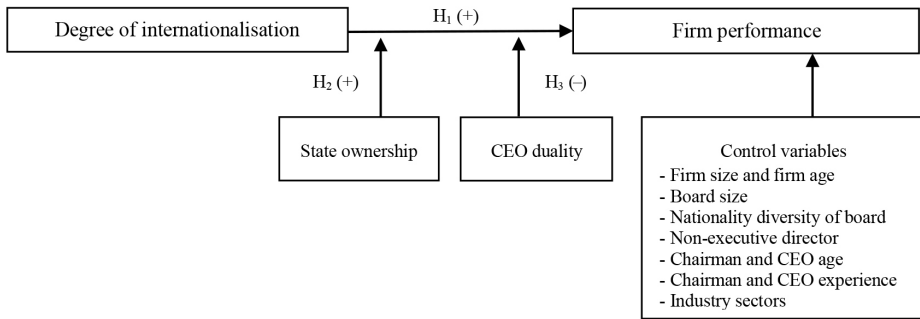


Figure 1. The theoretical model of the effect of internationalisation on firm performance

METHODOLOGY

Data and Sample

In order to test the proposed hypotheses of the study, it used data derived from a sample of all 376 firms listed on the HNX for the period between 2009 and 2018. Data and information were collected from annual reports published on the official website of these firms. The study covered a considerable time frame given the specific nature of the stock market development in Vietnam and post global economic crisis.

A comprehensive detailed review of the annual reports of the listed firms indicated that by end of 2018, the number of listed firms running foreign activities is 56. Among these firms, some firms have been listed since 2009, while other were listed after that. Therefore, an unbalanced panel data was used to test the proposed hypotheses. Consequently, the total number of observations employed in this study was 383 observations.

Variables and Measures

Dependent variable (*Y*): dependent variable of the study is firm performance. Based on previous studies (Benito-Osorio et al., 2020; Grøgaard et al., 2020; Hsu et al., 2013; Riahi-Belkaoui, 1998; Sun et al., 2019; Xiao et al., 2013; Salehi et al., 2020), the study measured firm performance by the ratio of return on assets (ROA). This variable is defined as the ratio of net profit to total assets (Salehi & Moghadam, 2019; Salehi et al., 2020).

Independent variable (X_1): Internationalisation was measured using many methods. However, there is no consensus or standard approach to this measurement. Therefore, measuring the degree of internationalisation has become a contested but largely unresolved issue in IB research (Sullivan, 1994; 1996; Ramaswamy et al., 1996). In the internationalisation process, firms often have a stepwise extension of operations; starting from no regular exporting activities, exporting via independent representatives (agents), sales via sales affiliates, and finally, the establishment of overseas manufacturing plants (Johanson & Wiedersheim-Paul, 1975; Johanson & Vahlne, 1977). However, Vietnam's economy is in transition in which the majority of firms are at the beginning stage of internationalisation process. Thus, export is a key entry mode to participate in international markets (Aulakh et al., 2000). Consequently, the degree of internationalisation was measured by the ratio of listed firm's export sales to its total sales (Casillas et al., 2020; Xiao et al., 2013).

Moderating variables: State ownership and CEO duality are two moderating variables. State ownership (X_2) was measured by the ratio of the shares of state to firm's total shares (Benito et al., 2016), while the duality of CEO and the chairman of the board (X_3) was measured by dummy variable – that is 1 if the CEO of firm takes duality role, and 0 if the duality role does not exist in the firm (Boyd, 1995; Sanders & Carpenter, 1998; Lien et al., 2005; Hsu et al., 2013).

Control variables: Several control variables, such as the characteristics of firms, of industry as well as of the board of directions and the board of management have been considered by prior studies. First, the study controlled firm size as a proxy for firm resources and it is a common variable related to firm performance. Larger firms suggest strong capabilities and resources to deal with complex information in foreign markets which in turn achieve higher performance (Lin et al., 2011; De Jong & van Houten, 2014). Firm size (X_4) is measured by the number of employees (Xiao et al., 2013; De Jong & van Houten, 2014). Second, it is often assumed that younger firms face a higher level of risk-taking (Lin et al., 2011) while their older counterparts may have more experiences that can help them to reduce risks and improve their performance (Cuervo-Cazurra et al., 2018). Therefore, firm age (X_5) was measured by the year of data collection minus the year of firm found (Contractor et al., 2007). Third, board size (X_6) was controlled because large size means the first tend to have the resources needed to operate successfully in foreign markets and may also affect the firm's internationalisation (Lien et al., 2005; Jaw & Lin, 2009). X_6 was measured by the number of members in the board of directors. Fourth, Hambrick and Mason (1984) suggested that team heterogeneity is positively associated with profitability; therefore, the nationality diversity of board (X_7) is proposed as a control variable measured by dummy variable, whose value is 1 if at least one foreigner is a board member of the firm, otherwise

it is 0. Non-executive director is controlled due to the detachment of management and daily operations leading to the objective facilitation in board’s control role and may help firms achieve higher performance (Lai et al., 2012; Chen et al., 2016). X_8 is measured by the ratio of the number of non-executive directors and the total number of board members (Sherman et al., 1998). Chairman age (X_9) and CEO age (X_{11}) are the next two variables which are controlled because the older group have the the experience, wisdom, and usually the economic resources (Kang et al., 2007). The age of the X_9 and X_{11} were in turn measured by the number of years since the chairman and the CEO have been born (Hsu et al., 2013). In addition, the more experiences the chairman and CEO have, the more opportunities the firm have for generating higher performance (Basuil & Datta, 2017). Therefore, chairman experience (X_{10}) and CEO experience (X_{12}) were the next two control variables included in the study. X_{10} and X_{12} are in turn measured by the number of years since the chairman and the CEO have taken charge the role of chairman and CEO of the firm. Finally, industry (X_{13}) was controlled for variation in industries that could affect firm performance (Contractor et al., 2007; Buckley & Tian, 2017). The NACE Rev.2 industry structure classification (2008) was used to classify the subsidiaries into either a manufacturing or a service sector (Vo et al., 2022). Industry was measured by dummy variables (Xiao et al., 2013; Altaf & Shah, 2015; Vo et al., 2022). The dummy assumes value 1 if any firm in the sample belonged to the manufacturing sector, otherwise 0 (service sector).

Table 1
Definition of the variables in the theoretical model of the study

Name of variables	Measurement	References
Degree of listed firm’s internationalisation	The ratio of listed firm’s export sales to its total sales	Xiao et al. (2013)
Firm performance	Return on assets (ROA)	Hsu et al. (2013); Sun et al. (2019); Salehi & Moghadam (2019)
State ownership	The ratio of the shares of state to firm’s total shares	Benito et al. (2016)
CEO duality	Dummy variable that equals 1 if the CEO of firm takes duality role, and vice versa 0 if the duality role does not exist in the firm	Boyd (1995); Lien et al. (2005); Hsu et al. (2013)
Firm size	The number of employees	Xiao et al. (2013); De Jong & van Houten (2014)

(continued on next page)

Table 1: (continued)

Name of variables	Measurement	References
Firm age	The year of data collection minus the year of firm found	Contractor et al. (2007)
Board size	The number of members in the board of directors	Jaw & Lin (2009)
The nationality diversity of board	Dummy variable that equals 1 if at least one foreigner presents in the firm's board members, otherwise is 0 if this does not happen	Caligiuri et al. (2004)
Non-executive director	The number of non-executive directors and the total board members	Sherman et al. (1998); Lai et al. (2012)
Chairman age	The number of years since the chairman has been born	Kang et al. (2007)
Chairman experience	The number of years since the chairman has taken in charge the role of chairman	Basuil & Datta (2017)
CEO age	The number of years since the CEO has been born	Hsu, Chen & Cheng (2013)
CEO experience	The number of years since the CEO has taken in charge the role of CEO	Basuil & Datta (2017)
Industry sectors	Dummy variable that equals 1 if any firm in the sample belongs to the manufacturing sector, otherwise 0 (service sector).	Xiao et al. (2013); Altaf & Shah (2015); Vo et al. (2022)

Methodology

Given the variables in the theoretical model, the estimation equation is calculated as follows:

$$Y_{it} = \beta_0 + \beta_1 X_{1it} + \beta_2 X_{2it} + \beta_3 X_{1it} * X_{2it} + \beta_4 X_{3it} + \beta_5 X_{1it} * X_{3it} + \beta_6 X_{4it} + \beta_7 X_{5it} + \beta_8 X_{6it} + \beta_9 X_{7it} + \beta_{10} X_{8it} + \beta_{11} X_{9it} + \beta_{12} X_{10it} + \beta_{13} X_{11it} + \beta_{14} X_{12it} + \beta_{15} X_{13it} + \lambda_{it}$$

where Y is the dependent variable; i is the i^{th} firm among the observations; t is the t^{th} year in the study period (2009–2018); β_0 is constant; β_1 is the coefficient of the independent variable; X_1 is the value of the independent variable; β_2, β_4 are the coefficients of the moderating variables $X_{2, 3}$, respectively; $X_{2, 3}$ are the values of moderating variables; β_3 and β_5 are the coefficients of the interactions between

independent variable and moderating variables X_2 , and X_3 , respectively ; $X_1 * X_2$ and $X_1 * X_3$ are the values of the interaction variables, $\beta_6 \rightarrow \beta_{12}$ are the estimated coefficients of the control variables; $X_4 \rightarrow X_{10}$ are the value of the control variables; λ is the error of regression model. Given the measurement of firm performance, this study applied ordinary least squares regression (OLS) to estimate the effect of internationalisation on firm performance.

RESULTS AND DISCUSSION

Descriptive Statistics and Correlations

Table 2 shows mean, standard deviations, and variance inflation factors (VIF) and correlation coefficients among the variables in the theoretical model. Before data analysis, tests of statistical problems were performed. White test results indicated that the null hypothesis was rejected at statistically significant level 1% ($p = 0.000$). This means, that homoscedasticity exists in the sample of the study. Therefore, White heteroskedasticity robust standard errors were applied. The maximum value of the correlation coefficients was 0.52 which is well below the threshold of 0.80 thereby, indicating that there were no issues with multicollinearity (Hair et al., 2006). Additionally, to ensure this unbiased conclusion, possible biases caused by collinearity among the variables were tested by calculating VIF for each of the regression coefficients (see Table 2). The VIF values for all the variables noted in the model was below 2.0, well below the cut-off value of 5.6 recommended by Hair et al. (2006). Furthermore, Breusch-Godfrey test results showed that the null hypothesis cannot be rejected at 1% ($p > 0.1$). That means there was no autocorrelation issue. Finally, Chi-squared test to detect whether heterogeneity matters with respect to firms in manufacturing and service sectors in study was used. The results indicated that the p -value of the Chi-squared test was 0.184, thus we cannot reject the null hypothesis at 1%, thus confirming homogeneity. Therefore, heterogeneity was no concern with respect to two different sectors in the current sample.

Table 2
Descriptive statistics and correlations (n=383)

Variables	VIF	Mean	Standard deviation	1	2	3	4	5	6	7	8	9	10	11	12	13
Firm performance		7.53	8.49	1.0000												
Internationalisation	1.62	34.63	30.10	0.0848*	1.0000											
State ownership	1.68	24.39	25.28	0.2105***	-0.2671***	1.0000										
CEO duality	1.77	0.26	0.44	0.0265	0.1594***	-0.2477***	1.0000									
Firm size	1.26	774.77	1117.51	-0.0882*	-0.2430***	0.3032***	-0.1246**	1.0000								
Firm age	1.38	20.90	13.53	0.1045**	-0.2646***	0.3422***	-0.1727***	0.1453***	1.0000							
Board size	1.17	5.43	1.08	0.2179***	-0.0763	0.0607	-0.1141**	0.1367***	0.1086**	1.0000						
Nationality diversity of board	1.44	0.09	0.29	-0.1958***	0.2269***	-0.2164***	0.0404	-0.0238	-0.0165	-0.0175	1.0000					
Non-executive directors	1.60	58.09	16.72	-0.0221	0.1184**	-0.1846***	-0.3697***	-0.0557	0.0654	0.0682	-0.0158	1.0000				
Chairman age	1.72	50.83	8.12	0.0802	-0.0910*	0.1060**	0.1381***	0.1464***	0.0714	0.1677***	0.0804	-0.1205**	1.0000			
Chairman experience	1.92	15.76	6.99	-0.1257**	-0.1430***	-0.0131	0.2125***	0.1391***	-0.0073	0.0639	-0.0918*	-0.0625	0.5242***	1.0000		
CEO age	1.82	48.67	8.42	0.1616***	-0.0359	0.1838***	0.2426***	0.1048**	0.1089**	0.1960***	0.0740	-0.3289***	0.2511***	0.0563	1.0000	
CEO experience	1.85	13.25	6.89	-0.0250	0.1285**	-0.0451	0.3616***	0.0432	-0.0207	0.0825	0.1438***	-0.0305	0.2322***	0.3596***	0.4670***	1.0000
Industry	1.52	0.509	0.291	-0.1012**	0.3072***	-0.0701	0.0122	-0.0203	0.0415*	0.0484	0.2312***	0.0601***	-0.1021**	-0.1022***	-0.0012	0.0564

Note: *, **, and *** represent statistical significance at 10%, 5%, and 1%, respectively

The OLS regression results about the effect of internationalisation on firm performance of listed firms are described in Table 3.

Table 3
The estimation results of OLS regression of the effect of internationalisation of HNX listed firm's performance

Variables	Model 1	Model 2	Model 3	Model 4	Model 5
Constant	4.282 (2.214)*	4.094 (1.834)***	4.782 (1.958)**	4.155 (1.021)***	4.620 (1.751)***
Independent variable					
Internationalisation		0.610 (0.31)**	0.402 (0.001)***	0.409 (0.037)***	0.372 (0.202)*
Moderating variables					
State ownership			0.208 (0.219)		0.212 (0.215)
Internationalisation * State ownership			0.233 (0.113)**		0.214 (0.109)**
CEO duality				-0.206 (0.103)**	-0.218 (0.110)**
Internationalisation * Duality				-0.204 (0.101)**	-0.211 (0.105)**
Control variables					
Firm size	-0.001 (0.000)***	-0.000 (0.000)***	-0.000 (0.000)*	-0.000 (0.000)*	-0.000 (0.000)*
Firm age	0.038 (0.023)*	0.080 (0.029)***	0.043 (0.029)	0.087 (0.028)***	0.049 (0.028)*
Board size	1.676 (0.470)***	1.751 (0.470)***	1.473 (0.388)***	1.715 (0.446)***	1.507 (0.354)***
Nationality diversity of board	-4.128 (0.836)***	-4.360 (0.929)***	-3.699 (0.888)***	-6.049 (1.378)***	-4.952 (1.180)***
Non-executive directors	0.000 (0.027)	-0.009 (0.025)	-0.005 (0.024)	-0.000 (0.025)	0.014 (0.024)
Chairman age	0.136 (0.042)***	0.114 (0.047)**	0.128 (0.044)***	0.122 (0.048)**	0.139 (0.050)***
Chairman experience	-0.256 (0.059)***	-0.205 (0.064)***	-0.210 (0.062)***	-0.199 (0.064)***	-0.206 (0.058)***
CEO age	0.069 (0.054)	0.077 (0.054)	0.085 (0.049)*	0.088 (0.054)	0.092 (0.050)*
CEO experience	0.018 (0.068)	-0.027 (0.063)	-0.056 (0.058)	-0.048 (0.071)	-0.082 (0.064)
Industry (manufacture vs. services)	-2.024 (0.662)***	-3.036 (0.670)***	-3.109 (0.656)**	-3.026 (0.672)***	-2.701 (1.002)***
Observations	383	383	383	383	383
R ²	0.211	0.247	0.288	0.256	0.295
Adjusted R ²	0.189	0.219	0.258	0.228	0.260
p-value	0.000	0.000	0.000	0.000	0.000

Note: Values in the parentheses are standard errors; *, **, and *** represent statistical significance at 10%, 5%, and 1%, respectively

The regression results showed first, the model fit the data well. Second, the performance of the internationalising listed firms on HNX as shown in Table 3 indicates that the adjusted R² had improved from 18.9% in Model 1 to 26.0% in Model 5. Further, the estimates mostly remained robust in terms of sign and significance levels. Model 1 included control variables and a constant. The parameter estimates remained robust in terms of sign and significance level. The effect of internationalisation on firm performance was included separately in

Model 2. The results showed that the degree of listed firms' internationalisation was positively and significantly associated with the choice of the listed firm's performance ($\beta = 0.610, p < 0.05$). That means that the higher degree of internationalisation is likely to lead to improved firm performance. The results can be explained through the standpoint of internationalisation model (Johanson & Vahlne, 1977). When listed firms intensively engage in internationalisation activities, such firms are likely to actively exploit profit opportunities in foreign markets by combining their own internal strengths and location of the host market (Verbeke & Brugman, 2009). This combination is likely to generate new firm-specific advantages in the host market which strengthen competitive advantage in the listed firms' desired environments. Furthermore, expanding business activities in foreign markets also provides the firms with several great opportunities to connect as many new partners that as allowed to widen the firm's international sale networks thereby, increasing the number of foreign customers and enhancing international experiences. That also means that sales from international markets offer new opportunities for obtaining additional revenue sources, which feed forward into higher firm performance (Hsu et al., 2013; Sun et al., 2019).

Model 3 contains the first interaction term between the degree of the listed firms' internationalisation and state ownership. The model indicates that the performance of internationalising listed firms with high state ownership would be higher than that of those with low or non-state ownership ($\beta = 0.233, p < 0.05$). This result is consistent with the resource-based view (Barney, 1991). Internationalising firms with high state ownership have more advantages than those with low or non-state ownership joining international markets. When making comparisons between internationalising firms with high state ownership and those with low or non-state ownership, it is noted that internationalising listed firms with high state ownership in a transition economy like Vietnam are usually co-owned firms, which are simultaneously owned by both state and private, but private parties only have partial ownership. In this context, the state owners of internationalising listed firms take charge of clear mandates and responsibilities to pursue the firms' business aims and performance, which are likely guided by the government. The latter is the key in boosting performance in foreign markets. Additionally, comparing internationalising listed firms with low or non-state ownership, those with high state ownership would receive financial resources strongly supported from government. Such financial resources are one of the stand-alone resources, which allow such firms distinct advantages, strengthening their competitive advantages and opening avenues foreign markets. Furthermore, internationalising listed firms with high state ownership are likely to adopt political connections providing privileged access to important information about foreign environments, bilateral trade and investment negotiations (Benito et al., 2016). Similarly, it is posited that state-owned enterprises are quite popular in transition

economies (Connelly et al., 2010). Such firms have more advantages guided by the government to develop strategies in line with the general trend of the country and the world (Zhang et al., 2016). Taken together, internationalising listed firms with high state ownership are likely to achieve higher performance than those with low or non-state ownership.

Model 4 includes the moderating term of the duality of CEO and chairman of board together with the degree of firms' internationalisation. Results of the model in Table 3 show that the performance of internationalising listed firms with duality of CEO and chairman of board was lower than that of those without duality ($\beta = -0.204, p < 0.05$). Hence, the duality of CEO and the chairman of board in internationalising firms is likely to create abuse of power in the firms (Dakhlallah et al., 2019). This also presents a high degree of independence in thought and decisions which limit the amount of external information (Boyd, 1995). Moreover, duality cannot perceive and predict uncertainties and risks that always happen in international competitive markets. Combining the positions of CEO and chairman weakens control, and negatively affects firm performance (Wu, 2021). Thus, the duality of CEO and the chairman of board may impede the efficiency of the firm's international management strategy (Hsu et al., 2013). In contrast, the separation of CEO and the chairman of the board in internationalising firms is likely to create a balance control mechanism. That on one hand allows the CEO to focus on performing the decision-making process of a firm and contribute directly to financial performance (Salehi et al., 2021). On the other hand, the chairman handles the activities of the board and the relationships with shareholders as well as stakeholders. Each position would allow him or her to concentrate on completing their assigned role and responsibility; thereby, being able to make appropriate and in-time decisions relating to internationalising activities (Sanders & Carpenter, 1998). As a result, comparing the duality of CEO and chairman of board, the separation of CEO and chairman of board in the internationalising firms provide optimal benefits for firms, thus gaining better performance.

Model 5 includes all the degree of firms' internationalisation and both the interactions between internationalisation and state ownership, and the interaction between internationalisation and the duality of CEO and chairman of board. Hypothesis 1 predicts that the higher the degree of the firm's internationalisation, the higher their performance. Hypotheses 2 and 3 proposed the moderating effects of state ownership and CEO duality on the relationship between the degree of firm's internationalisation and firm performance. The results indicated that the effect of the degree of internationalisation on firm performance is positive and significant ($\beta = 0.372, p < 0.1$). Interestingly, the moderating effect of state ownership is positive and significant ($\beta = 0.211, p < 0.05$), while the moderating effect of CEO duality was

negative and significant ($\beta = -0.218, p < 0.05$). Taken together, the results supported Hypotheses 1, 2, and 3. The results generally endorsed the resource-based view thereby, implying that the more firms in transition economy engage in foreign activities, the greater their performance. Figures 2 and 3 describe the moderating role of state ownership and CEO duality on the relationship between the degree of internationalisation and the performance of firms listed on the HNX in Vietnam.

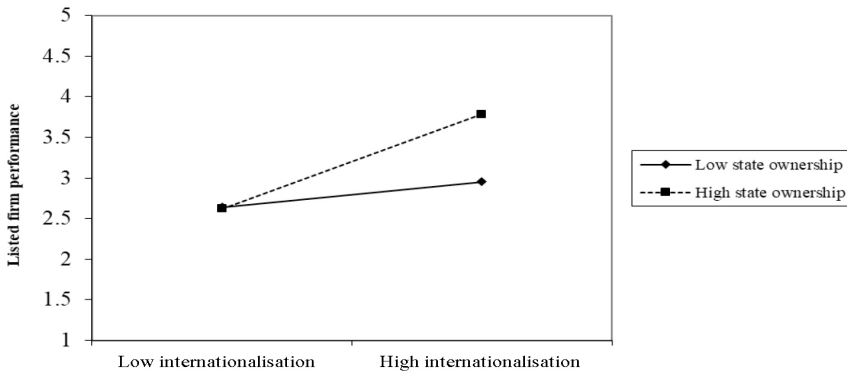


Figure 2. The moderating effect of state ownership on the relationship between internationalisation and the listed firm's performance

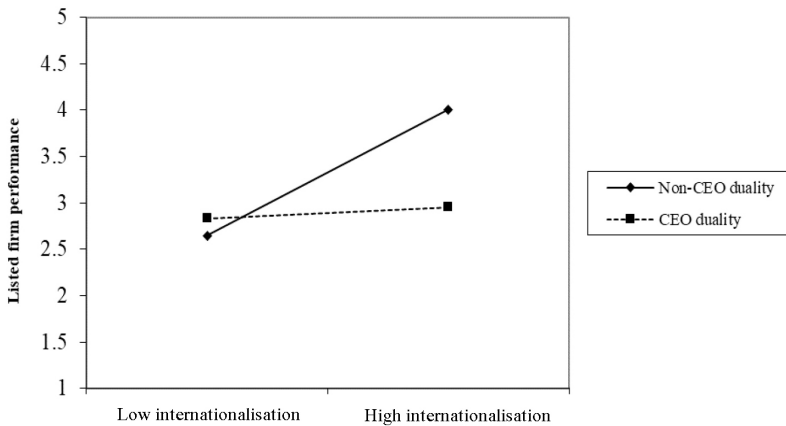


Figure 3. The moderating effect of CEO duality on the relationship between internationalisation and the listed firm's performance

Here, only the significant control variables are presented. The significant results shown for the control variables are in line with the predictions of resource-based view (Barney, 1991) and consistent with the findings of previous studies (Contractor et al., 2007; Lin et al., 2011; Xiao et al., 2013; De Jong & van Houten, 2014;

Cuervo-Cazurra et al., 2018). This study has shown that the larger firm size, the lower its performance, albeit this effect is not significant in terms of value ($\beta = -0.000, p < 0.1$) (Lin et al., 2011). Table 3 confirms that the older the firm is, the higher its performance ($\beta = 0.049, p < 0.1$). This result is consistent with the prediction of resource-based view that older firms have greater experiences. Thus, their performance is better (Cuervo-Cazurra et al., 2018). Table 3 also revealed that the larger board size, the higher the firm's performance ($\beta = 1.507, p < 0.01$). This finding is endorsed by previous studies that board size can be considered as a function in a complex operating environment of the firm; firms with larger boards have mixed experience and large networks facilitate better access to external finance (Ngatno et al., 2021). The larger board size implies the problem solving ability of the board and processes integrated information for firms is increased as there are greater resources needed to help business operations to succeed (Sanders & Carpenter, 1998; Lien et al., 2005). Model 5 shows that the age of the chairman and CEO is positively related to firm performance ($\beta = 0.139, p < 0.01$ for chairman age; $\beta = 0.092, p < 0.1$ for CEO age). The results echo those of prior studies that the older the chairman and CEO are, the more mature they are and their ability to supervise, consult, and provide resources to firms. These also minimise risks thereby, reducing firm performance (Oxelheim et al., 2013). The results of Model 5 showed that the diversity of nationality in the board, and chairman experience have a negative effect on firm performance ($\beta = -4.952, p < 0.01$) for the diversity of nationality and ($\beta = -0.206, p < 0.01$) for chairman experience. The diversity of nationalities on the board of directors is likely to lead to information asymmetry, which can contribute to conflicts among its members (Jaw & Lin, 2009). Finally, the results suggested that firms in the manufacturing sector show greater performance than firms in the services sector ($\beta = -2.701, p < 0.01$).

Robustness Tests

Two additional analyses were conducted to check the robustness of the current results. They are summarised in Panels A, B, and C in Table 4. First, a different measure of dependent variable was used to check the robustness of the results. In Panel A, firm performance was measured using the ratio of return on listed firm's total sales. Table 4 describes the results and they are qualitatively consistent with those in Model 5 in Table 3 (with $\beta = 0.701, p < 0.01$ for internationalisation, and $\beta = 0.156, p < 0.1$ for interaction term between internationalisation and state ownership, $\beta = -0.413, p < 0.1$ for interaction term between internationalisation and CEO duality). Second, firm performance was measured by the ratio of return on total of firm's asset. The fixed effects and random effects were estimated by including the same control variables, main variable and moderating variables as the OLS model in Model 5 in Table 3. The results of Hausman test suggested

that the estimation of fixed effects model was used ($p < 0.05$). The results presented in Panel B did not affect the regression results (with $\beta = 0.299$, $p < 0.01$ for internationalisation, and $\beta = 0.216$, $p < 0.01$ for interaction term between internationalisation and state ownership, $\beta = -0.609$, $p < 0.05$ for interaction term between internationalisation and CEO duality). Finally, the moderating effects of state ownership and duality on relationship between internationalisation and firm performance were examined by considering subsamples with respect to the two different sectors in the sample. The regression results are shown in Panel C in Table 4. The significance of all subsamples including manufacturing and service firms are similar, implying that the proposed hypotheses are supported for both the full sample and subsamples. The additional analyses further confirmed that the results were robust.

Table 4
Results of the robustness analyses

Variables	Panel A	Panel B	Panel C	
	Panel A: Alternative measure of firm performance: Return on total sales	Panel B: Fixed effects model	Subsample: Only manufacturing firms	Subsample: Only service firms
Constant	4.698 (1.001)***	-4.207 (2.499)*	3.452 (0.794)***	3.006 (0.668)***
Independent variable				
Internationalisation	0.701 (0.029)***	0.299 (0.018)***	0.468 (0.079)***	0.392 (0.091)***
Moderating variables				
State ownership	0.310 (0.178)*	0.204 (0.209)	0.187 (0.178)	0.199 (0.175)
Internationalisation * State ownership	0.156 (0.085)*	0.216 (0.068)***	0.198 (0.018)***	0.205 (0.026)***
CEO duality	-0.833 (0.437)*	-0.247 (0.120)**	-0.210 (0.103)**	-0.200 (0.047)***
Internationalisation * Duality	-0.413 (0.218)*	-0.609 (0.290)**	-0.207 (0.101)**	-0.196 (0.098)**
Control variables				
Firm size	-0.000 (0.000)	-0.001 (0.000)**	-0.000 (0.011)	-0.000 (0.020)
Firm age	0.039 (0.023)*	0.011 (0.023)	0.043 (0.021)**	0.051 (0.026)**
Board size	0.759 (0.263)***	0.815 (0.209)***	1.025 (0.004)***	1.006 (0.096)***
Diversity of nationalities in the board	-4.218 (0.907)***	-3.466 (1.373)**	-2.344 (1.031)***	-1.982 (1.055)*
Non-executive directors	0.044 (0.022)**	0.042 (0.021)**	0.010 (0.014)	0.015 (0.021)
Chairman age	-0.022 (0.036)	0.155 (0.039)***	0.124 (0.019)***	0.108 (0.011)***
Chairman experience	-0.081 (0.055)	-0.310 (0.066)***	-0.089 (0.007)***	-0.117 (0.009)***
CEO age	0.197 (0.048)***	0.047 (0.048)	0.133 (0.065)**	0.128 (0.050)***

(continued on next page)

Table 4: (continued)

	Panel A	Panel B	Panel C	
Variables	Panel A: Alternative measure of firm performance: Return on total sales	Panel B: Fixed effects model	Subsample: Only manufacturing firms	Subsample: Only service firms
CEO experience	-1.132 (0.057)***	-0.048 (0.061)	-0.017 (0.026)	-0.029 (0.032)
Industry (manufacture vs. services)	-5.601 (0.887)***	- 5.408 (1.027)***		
Observations	383	383	212	171
R ²	0.297	0.246	0.296	0.291
p-value	0.000	0.000	0.000	0.000

Note: Values in the parentheses are standard errors; *, **, and *** represent statistical significance at 10%, 5%, and 1%, respectively

IMPLICATIONS AND FURTHER RESEARCH

Theoretical Implications

The findings are useful for both research and practice. The contribution of the study to research on internationalisation – performance relationship in particular in transition economy is noteworthy. It showed the effects of internationalisation on firm performance vary depending on the moderating roles of state ownership and CEO duality in firms listed on Vietnamese stock exchange. Recent studies on internationalisation – firm performance relationship have mostly investigated firms in developed and big emerging economies (Xiao et al., 2013; Altaf & Shah, 2015; Tsao & Lien, 2013; Sun et al., 2019; Tashman et al., 2019; Cuervo-Cazurra et al., 2018). The majority of research results indicated a positive linear relationship between the degree of internationalisation and firm performance (Buckley & Tian, 2017; Cuervo-Cazurra et al., 2018; Hsu et al., 2013; Sun et al., 2019). According to scholars, firms seek to take advantage of their competitive edge by actively exploiting profit opportunities in the foreign markets. Additionally, conducting business in international markets allows firms to develop and increase the number of customers. This also means that sales from international markets offer new opportunities for obtaining additional revenue sources which feed into higher firm performance. Furthermore, the current study builds on the idea that state ownership and CEO duality explains how the international expansion of listed firms in a transition economy affects their performance. It is suggested that internationalising firms acquire certain benefits from state, which owns part or most of the share of the listed firms. Moreover, the separation of the highest two positions in the firm – CEO and the chairman of the board - also facilitates the

right anticipation of uncertainties and risks in making business decisions and gain more external valuable information, which strengthens the performance of high internationalising firms. This contributes to an enhanced understanding of the role of listed firm's unique resources – particularly state ownership and CEO duality may be viewed as financial and human resources respectively in the process of the firm's internationalisation with respect to firm performance (Verbeke, 2013). Resource-based view (Barney, 1991) is relatively silent on the crucial roles of such human and financial resources in the firm's internationalisation activities, especially those in a transition economy. Thus, the findings offer an important explanation related to such resource conditions that add to earlier resource-based literature. Additionally, internationalisation perspective developed by Johanson and Vahlne (1977) has been relatively silent on how such state ownership and CEO duality may influence the internationalisation – firm performance relationship; as well as the prediction or explanation of how the degree of listed firms' internationalisation impacts their performance in such a transition economy. By accounting for the effect of internationalisation on firm performance, arguments relating to the moderating roles of state ownership and CEO duality into internationalisation research can be integrated. In particular, the study proposed reducing CEO duality and increasing the proportion of outside directors on a board can improve monitoring, thereby enhancing firm performance. Similarly, the study suggests that majority state ownership in internationalising firm is a feasible way to help the listed firms in a transition economy become more competitive abroad by acquiring new technologies and capabilities via the state, and generate new sources of revenue abroad. This thus, will increase their performance. These may be strategically addressed by the listed firms in a transition economy. Thus, the integration of our arguments in resource-based view (Barney, 1991) traditions enables broadening the scope of how internationalisation-performance relationships in the internationalisation model (Johanson & Vahlne, 1977) can be conceived.

Practical Implications

From praxis viewpoint, the results of the study imply that firms, especially listed firms with high state ownership, should concentrate on expanding their operations to foreign markets (Grøgaard et al., 2020) as this allow firms to enjoy several benefits. For instance, firms can develop economies of scale, acquire unique knowledge, expand their innovative capabilities, exploit business opportunities, and increase their market power (Lu & Beamish, 2001). Additionally, internationalising firms with high state ownership would acquire new resources, transfer core competencies to new markets, reduce costs and improve firm performance (Hitt et al., 2006). Additionally, shareholders with voting rights should seriously consider refusing to nominate an individual to simultaneously hold these two positions – CEO and the

chairman of the board of directors, because the separation of these two functions in internationalising firms has shown to contribute to greater performance.

Limitations and Suggestions for Future Research

The study has some limitations. First, the data is limited in the context of listed firms on HNX. Therefore, the findings of the study may not be generalised for all listed firms on the Vietnamese stock market. Second, this study only focuses on the moderator of the state ownership and the duality of CEO and the chairman of the board of directors on the internationalisation-firm performance relationship, while this relationship may be moderated by other factors. Consequently, further studies may consider these limitations so that the managerial implications and theory of international business are further developed, especially in transition economies.

CONCLUSION

By integrating internationalisation model (Johanson & Vahlne, 1977) and resource-based view (Barney, 1991) the study has shown the positive moderating effect of state ownership on the relationship between internationalisation and firm performance, while the CEO duality negatively moderates the relationship. Furthermore, the firm age, the board size, the chairman age, and industry (manufacturing sector) are also positively associated with firm performance while firm size, the board's diversity of nationalities, the chairman's experience, the industry of seafood have been shown to negatively relate to firm performance. The current study use the sample of listed firms in Vietnam to evaluate the moderating effects of state ownership and duality on relationship between internationalisation and firm performance since Vietnam is a transition market representing significant market opportunities. However, its level of institutional development poses challenges for internationalising firms listed in the stock exchange market.

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