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Article

Factors affecting corporate governance: The case of state-owned enterprises with 100% capital ownership in Vietnam

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Abstract: This study aimed to evaluate the influence of various factors on the corporate governance of state-owned enterprises with 100% capital ownership in Vietnam. Employing quantitative research methods, the article conducted an analysis of 250 survey samples taken from such enterprises and utilized regression analysis techniques. The findings revealed eight factors that significantly impact the corporate governance of these entities in Vietnam: enterprise awareness, ownership model, the state's role as an owner, integration, board of members, legal framework, managerial experience, and activity objectives. Leveraging these research outcomes, several recommendations have been proposed to enhance the corporate governance practices within state-owned enterprises holding complete capital ownership in Vietnam.

Keywords: factors; corporate governance; state-owned enterprises; 100% capital ownership

1. Introduction

State-owned enterprises are ubiquitous across various economies, holding significant importance in Vietnam's economic landscape. Their pivotal role is underscored not only in the ideologies and policies of both the party and state but also in practical applications. The 2013 Constitution of Vietnam outlines the country's economy as a socialist-oriented market economy, characterized by diverse ownership structures and economic constituents, where state-run enterprises play a dominant role. Among these, state-owned enterprises (SOEs) emerge as fundamental pillars, serving as essential drivers of economic development, societal progress, and equitable distribution.

SOEs prioritize critical sectors and territories, including those crucial for national defense and security, areas often overlooked by other economic entities. These enterprises currently wield substantial resources in terms of capital, assets, technological advancements, and a high-caliber workforce. Their significant contributions to the national budget underscore the imperative of their effective functioning in spearheading essential tasks and guiding the trajectory of the national economy.

SOEs with 100% state-held capital encompass entities providing indispensable goods and essential public services. They operate directly in fields concerning defense, security, natural monopolies, high-tech applications, substantial investments, and catalyzing rapid advancements across various sectors and the broader economy.

On 2 July 2021, the government issued Decision No. 22/2021/QD-TTg, outlining criteria for categorizing state-owned enterprises and those with state capital involved in ownership transitions, restructuring, and divestment from 2021 to 2025.

Enterprises with 100% state-held capital operate in 13 specific sectors, including those essential for defense and security, industrial explosive material production, national electricity transmission, large-scale power plants, lottery operations, currency printing, gold bar production, credit activities supporting socio-economic development, deposit insurance, and managing non-performing loans within credit organizations undergoing restructuring.

Despite constituting a minute fraction (0.08%) of the economy, enterprises with 100% state-held capital possess significant resources, contributing substantially to the economy. They account for approximately 7% of total assets and 10% of owner's equity among all market enterprises. These entities significantly contribute to production, business capital, fixed assets, long-term financial investments, and fulfill a notable portion (28%) of tax and state budgetary obligations. However, their growth has not been commensurate with their potential due to limited management capacity and governance inefficiencies.

Enhancing the operational efficiency of state-owned enterprises, particularly those with 100% state-held capital, is crucial for their leadership role in the economy. Thus, it is imperative to gradually align management practices with international standards. Identifying the factors influencing the application of international standards in managing these enterprises is pivotal for implementing appropriate strategies and fostering sustainable growth.

2. Literature review

Numerous research endeavors delve into the intricacies of factors influencing the governance of state-owned enterprises, encompassing both external and internal elements. In particular:

2.1. Internal factors

Corporate governance in state-owned enterprises (SOEs) is influenced by various internal factors that affect managerial perceptions, decision-making, and overall performance.

Enterprise awareness, volition, and willingness to apply good corporate governance principles: Although knowledge of corporate governance is widely disseminated through various media, communication channels, and training courses, altering the perception of enterprise managers and recognizing the pivotal role of enhancing corporate management capabilities for sustainable development requires voluntary, comprehensive, and systematic implementation, rather than merely meeting minimum legal requirements (Zeng et al., 2020).

For enterprises wholly owned by the state, the consciousness and awareness of leaders in enhancing corporate management capabilities are critical. According to Shleifer and Vishny's (1994) theory of political appointment power, state-owned enterprise leaders leverage their authority to create employment and distribute benefits to garner support, thereby maintaining their power and even advancing their careers. Hence, for many leaders of state-owned enterprises, the more prolonged their absolute leadership roles within the enterprise, the more they satisfy their personal interests. Furthermore, the accountability of leaders of state-owned enterprises with 100% capital ownership has not received adequate attention (Muhammad et al., 2023).

Effectiveness of the ownership representative body: State-owned enterprises with 100% capital ownership have an abstract owner entity—the state, essentially representing the entire population. Such enterprises necessitate one or more higher-level agencies to manage the state's capital contribution, which might be a ministry or several ministries, or an independent agency overseeing the state's ownership capital to monitor the activities of state-owned enterprises (International Monetary Fund. Fiscal Affairs Dept., 2020).

In negative scenarios, certain influences exploit state-owned enterprises to achieve short-term political goals, restricting both long-term objectives and business efficiency. Even without such exploitation, representation across numerous management levels in enterprises wholly owned by the state encounters difficulties not only in the relationship between the board of directors and the management board but also between the owner and other stakeholders related to the enterprise (Guluma, 2021). Multiple stakeholders within the State may have different objectives, potentially influencing state-owned enterprises in various ways. Despite their legality, these objectives generally reduce the responsibility and motivation of the management board and the board of directors.

Board of members: The influence of the board of members on the implementation of corporate governance rules in line with international norms manifests in several aspects:

- Board size: Opinions diverge regarding the ideal Board size representing ownership. Some argue that larger boards, representing the owner, facilitate better company efficiency by involving more experts in decision-making, making it harder for the company's director to exert influence (Kim and Tru, 2009). However, others contend that smaller Boards are more effective. Large Boards may be less efficient and less controlled by the director. Large numbers of board members make it challenging to connect and resolve issues. Additionally, smaller boards increase member responsibility. Empirical studies support this view, indicating that companies with smaller Boards in industrial sectors have higher market values (Fforde, 2004).
- Diversity in the board: The diversity of the ownership representative board is a subject of discussion. Researchers have examined whether diversity within the Board enhances corporate governance effectiveness (Taghizadeh-Hesary et al., 2019). According to various studies, gender diversity can positively impact decision-making and the effectiveness of board meetings. Women's roles on the Board represent an essential factor in the ownership representative board.

Skills and experience of professional managers: An essential aspect is the comprehensive skills and formal training that not only influence work efficiency but also foster a suitable organizational culture within the enterprise. Possessing these skills involves not only the ability to perform tasks but also understanding and valuing professional ethics (Nguyen et al., 2023). When managers and employees are equipped with these skills, they work effectively and professionally, meeting job requirements excellently and demonstrating respect for professional ethics. Conversely, the absence of training or complete skill sets might hinder individuals' understanding of their responsibilities and obligations in their work (Nguyen et al., 2023). Consequently, they might face difficulties dealing with challenges and complex situations, potentially leading to unethical behaviors that do not align with the enterprise's values, affecting its reputation and sustainable development.

Therefore, investing in developing skills and professional ethics in the workplace is a crucial part of corporate management strategy, fostering a positive work environment and significantly contributing to the enterprise's long-term success.

Business operation objectives: Managing conflicting objectives (profit and non-profit objectives) poses a challenge in the governance of state-owned enterprises with 100% capital ownership. This complexity makes implementing international norms in the governance of state-owned enterprises much more challenging. It is crucial to consider these enterprises' objectives beyond commercial purposes, balancing various non-commercial objectives to ensure the interests of all stakeholders (Wirba, 2023). Conflicting objectives diminish managerial responsibility and transparency in the Management Board of Management and the board of members' objectives.

The impact of the state as the owner: The state, as the owner of state-owned enterprises with 100% capital ownership, has more significant motivation in maximizing the company's value, gathering information, controlling management, and assisting in dealing with enterprise representation issues. However, Shleifer and Vishny (1997) note that large investors, in this case, the state, often prioritize their interests, sometimes contradicting the interests of other stakeholders or the welfare of employees and managers.

The government plays multiple roles in state-owned enterprises as both legislators and owners. Legislators are responsible to citizens and serve community interests, while owners aim to increase their investment portfolio's value (Ward, 2004). With enterprises wholly owned by the state, they face less pressure from individual investors and, consequently, have less incentive to access the market for capital (Ward et al., 2020). Therefore, state-owned enterprises with 100% capital ownership have less motivation to improve corporate governance.

2.2. External factors

State ownership models: Distinct governance and ownership models among enterprises generate varying approaches to investment, oversight, and capital management by their owners (Walker et al., 2019). The divergence emanates from unique requirements and objectives set forth by each model. In state-owned enterprises, the emphasis on community interests and state rights often takes center stage. Consequently, this may lead to more stringent government control and decisions driven by social and political goals. Conversely, private enterprises tend to focus their management and investment strategies on profitability and enhanced business performance (Vallentin, 2015). Leaders in such private enterprises typically wield the authority to determine business strategies and development based on individual or small-group perspectives.

The application of sound corporate governance practices hinges on the viewpoints, perceptions, and thought processes of decision-makers. Within the state ownership model, adherence to these practices may closely align with government regulations, prioritizing compliance with legal mandates (Van der Heijden et al., 2010). Furthermore, awareness of external risks, such as competition and transformative forces, significantly impacts enterprises under complete state ownership.

Managerial labor market: Enterprises with 100% state-held capital grant the board of directors the authority to decide on the appointment, dismissal, rewards, salary determination, and other benefits for high-level managers like CEOs, directors, deputy CEOs, or deputy directors. Consequently, nurturing the managerial labor market for top executives assumes paramount importance (Seuring and Muller, 2008). This exerts necessary pressure to ascertain fair compensation based on managerial competencies, thereby preventing the departure of exceptional managers and attracting top-tier talents.

Legal framework in governance: Implementing laws pertinent to international corporate governance standards in enterprises with 100% state-held capital is contingent upon legal requisites and a country's economic progression (Sindakis et al., 2022). This significantly impacts the acceptance and enforcement of international corporate governance principles, underscoring the pivotal role of legal statutes in shaping enterprise governance and financial markets. Additionally, legal provisions safeguarding stakeholders' rights are pivotal for the development of financial markets. The extent of protection afforded by these laws is critical in evaluating ownership structure diversity, corporate governance, and the efficiency of investment allocation.

International integration level: The level of a country's international integration and requirements stipulated by foreign counterparts regarding compliance with international corporate governance standards deeply influence enterprises entirely held by the state in their execution and adherence to these standards (Smith, 2001). Given the burgeoning global interconnectivity and involvement in international business activities, meeting international requisites has become integral to enterprise management.

International commitments and agreements, such as free trade pacts or multilateral investment treaties, might outline specific prerequisites for corporate governance and the protection of stakeholders' rights. Failure to comply with these requirements could result in missed business opportunities or diminished credibility in the international market.

3. Research method

3.1. Research models and hypothesis

Based on the theoretical basis and research overview, the proposed theoretical model is as follows:

Figure 1 presents 10 key factors identified as influencing the level of application of international governance norms among Vietnamese state-owned enterprises (SOEs) with 100% state capital ownership. These include the state ownership model under which the SOE operates; the development and openness of the managerial labor market from which SOEs draw talent; the quality and enforcement of Vietnam's legal framework related to corporate governance; the extent of Vietnam's integration into the global economy; the degree of awareness within SOEs regarding international governance standards; the effectiveness of state bodies charged with representing ownership interests; the competence and independence of SOE boards of members; the skills and experiences of SOE managers themselves; the nature of SOE business operation objectives; and the direct involvement of the Vietnamese state in its role as owner of the SOEs. As detailed in **Table 1**, metrics have been developed to assess and quantify the impact of each of these 10 factors on the adoption of global best practices in corporate governance by major Vietnamese state enterprises. The relative influence of these drivers will be statistically analyzed as part of this research study.

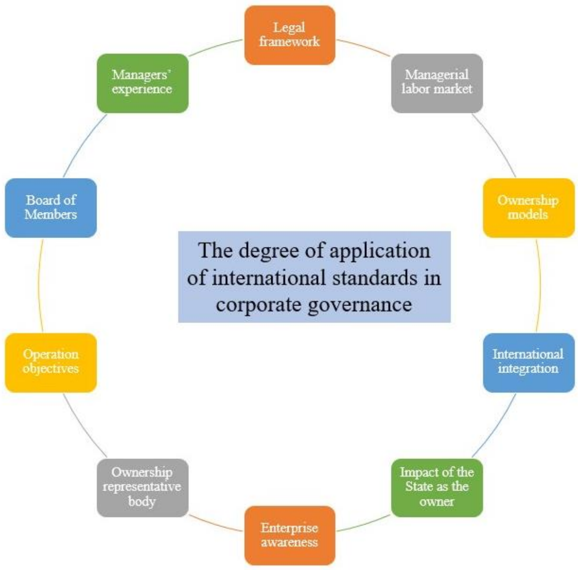

Figure 1. The proposed research model.

The corresponding research hypotheses are stated as follows:

H1: The state ownership model has a positive relationship with the degree of application of international standards in corporate governance.

H2: The labor market for managers has a positive relationship with the degree of application of international standards in corporate governance.

H3: The legal framework regarding corporate governance has a positive relationship with the degree of application of international standards in corporate governance.

H4: The level of integration has a positive relationship with the degree of application of international standards in corporate governance.

H5: Corporate consciousness has a positive relationship with the degree of application of international standards in corporate governance.

H6: The effectiveness of the owner's representative agency has a positive relationship with the degree of application of international standards in corporate governance.

H7: The board of directors has a positive relationship with the degree of application of international standards in corporate governance.

H8: Managerial experience has a positive relationship with the degree of application of international standards in corporate governance.

H9: The operational objectives of the enterprise have a positive relationship with the degree of application of international standards in corporate governance.

H10: The impact of the state as the owner has a positive relationship with the degree of application of international standards in corporate governance.

3.2. Research data

The data collection was conducted through structured questionnaires aimed at soliciting insights from management executives of state-owned enterprises fully owned by the government. These inquiries sought to gauge the extent to which various factors influenced the adoption of international norms in corporate governance. The questionnaire underwent scrutiny and adjustments to align with the research objectives in **Table 2**.

To assess the application level of international norms (the dependent variable) in corporate governance and their correlation with independent variables, the author employed a Likert scale with five degrees, ranging from (1) 'strongly disagree' to (5) 'strongly agree'. **Table 1** below consolidates the measurement scales for the variables.

Table 1. The symbols and quantity of attributes of factors influencing the level of application of international norms in corporate management.

No.	Factors	Symbol	Quantity of attributes	Expected impact
1	State ownership models	MH	4	+
2	Managerial labor market	TT	5	+
3	Legal framework in governance	PL	6	+
4	International integration level	HN	5	+
5	Enterprise awareness	YT	5	+
6	Effectiveness of ownership representativeness body	HQ	5	+
7	Board of members	HD	5	+
8	Skills and experiences of managers	KN	5	+
9	Business operation objectives	MT	4	+
10	The impact of the state as the owner	TD	3	+

To ensure an adequate sample size for the study, the author referenced Bollen (1989), determining the sample size using the formula $n = 5i$ (where 'i' represents the observed variables in the model), resulting in a sample size of 235. Furthermore, as per Tabachnick and Fidell (2007), the calculation for the sample size in multiple linear regression analysis follows the formula $n = 50 + 8q$ ('q' representing the count of independent variables in the model). Hence, for this study, the sample size is projected to be $50 + 8 \times 10 = 130$.

In pursuit of survey reliability, the study opted for a larger sample size based on the above principles. The author gathered 250 valid responses through direct questionnaire distribution, Google Forms, and email surveys sent to managers of state-owned enterprises with 100% capital ownership in Vietnam.

Utilizing quantitative methods such as scale reliability tests and exploratory factor analysis, the author employed SPSS 20 software to analyze the collected data and present key findings without infringing on copyrighted material or intellectual property.

Table 2. A detailed questionnaire followed for the factors considered in this study.

Factors	Questions
State ownership models	1) What is the current ownership structure of the enterprise?
	2) How does the state involvement influence decision-making processes within the enterprise?
Managerial labor market	3) How do you attract and retain managerial talent within the organization?
	4) What strategies are in place to address challenges related to labor market dynamics and talent acquisition?
Legal framework in governance	5) What legal frameworks govern the governance structure and operations of the enterprise?
	6) How do legal regulations impact decision-making processes and organizational strategies?
International integration level	7) To what extent is the enterprise involved in international markets or collaborations?
	8) How does international integration affect business strategies and operations?
Enterprise awareness	9) How would you describe the level of awareness among employees regarding the enterprise's objectives and strategies?
	10) What initiatives are in place to promote and enhance organizational awareness and alignment with business goals?
Effectiveness of ownership	11) How effective is the ownership representativeness body in representing the interests of stakeholders, including the state and shareholders?
representativeness body	12) What mechanisms are in place to ensure accountability and transparency in decision-making processes?
Board of members	13) How diverse and experienced is the composition of the board of members?
	14) What role does the board play in setting strategic objectives and overseeing organizational performance?
Skills and experiences of managers	15) How do you assess and develop the skills and competencies of managerial staff?
	16) What measures are in place to ensure that managers possess the necessary skills and experiences to drive organizational success?
Business operation objectives	17) What are the primary objectives and goals of the enterprise's business operations?
	18) How are these objectives aligned with broader organizational strategies and stakeholder expectations?
The impact of the state as the owner	19) How does state ownership impact long-term strategic planning and decision-making processes within the enterprise?
	20) What strategies are employed to mitigate any potential conflicts arising from state ownership interests and enterprise objectives?

4. Research results

4.1. Reliability testing of the measurement scale

This approach enables the exclusion of unsuitable variables and minimizes irrelevant data within the research model. Consequently, solely variables exhibiting a Corrected Item-Total Correlation greater than 0.3 and a Cronbach's alpha coefficient of 0.6 or higher are deemed acceptable and suitable for inclusion in the subsequent analysis stages (Nunnally and Burnstein, 1994). The findings from the Cronbach's alpha test conducted on the financial statement audit service quality scale, comprising eleven scales with 47 observation variables, are detailed in **Table 3**.

Table 3. The results of testing the reliability of the scale of factors in the model.

No.	Factors	Symbol	Cronbach's alpha	*N*
1	State ownership models	MH	0.911	4
2	Managerial labor market	TT	0.838	3
3	Legal framework in governance	PL	0.909	6
4	International integration level	HN	0.880	5
5	Enterprise awareness	YT	0.903	5
6	Effectiveness of ownership representativeness body	HQ	0.920	5
7	Board of members	HD	0.866	4
8	Skills and experiences of managers	KN	0.907	5
9	Business operation objectives	MT	0.915	4
10	The impact of the state as the owner	TD	0.934	3
11	The degree of application of international standards in corporate governance	MD	0.921	3

4.2. Exploratory factor analysis (EFA) analysis

Upon assessing the scale's reliability, the subsequent stage involves identifying the requisite variables pertinent to the research problem. To achieve this, the author employs the exploratory factor analysis (EFA) method to evaluate both the alignment among observed variables within each component and the distinctiveness between factors. The EFA, conducted separately for two groups consisting of independent and dependent variables, utilized the original angle rotation method (Varimax). The outcomes following the rotations are outlined below:

◆ EFA analysis results for independent variable

The EFA analysis outcomes for the independent variables reveal a division into ten distinct groups. Evaluation of the indicators yields the following insights:

- KMO = 0.814, indicating the suitability of the EFA analysis for the study's data.
- Sig. (Bartlett's test) = 0.000 < 0.05, signifying the interrelation among observed variables within the population and validating the appropriateness of the data used in the EFA analysis.
- Ten factors are extracted with eigenvalues = 1.116 > 1, indicating the variance

explained by each factor; only those factors with eigenvalues greater than 1 are retained in the analytical model.

- The total variance explained by the factor analysis amounts to 88.373%, exceeding the satisfactory threshold of 50%. This implies that these 5 factors account for 88.373% of the variability in the dataset.

◆ EFA analysis results for dependent variable

  - The KMO coefficient of 0.845 (>0.5) and the Barlett test with Sig. = 0.000 (<0.05) indicated the suitability of the EFA analysis.
  - The Sig. quantity of 0.000, meeting the condition Sig. ≤ 0.05 for statistical significance, confirms the interrelation among observed variables and validates the appropriateness of the data used in the analysis.
  - Examining the total extracted variance for the dependent variable, the percentage value of the entire variance (percentage of variance = 77.112% > 50%) and eigenvalue = 2.315 > 1 affirm the model's eligibility for exploratory factor analysis. Additionally, the load factor of the observed variables exceeds 0.5, signifying their practical significance.

4.3. Regression results

4.3.1. Model summary

The model summary **Table 4**, provides us with the results of R squared (R^2) and adjusted *R* squared (adjusted R^2) to assess the model's adequacy. The value of adjusted *R* squared at 0.749 indicates that the independent variables included in the regression analysis account for 74.9% of the variance in the dependent variable, while the remaining 25.1% is attributed to variables outside the model and random error.

Table 4. Model summary (Source: Author's calculation from SPSS 20).

Model	***R***	***R* square**	**Adjusted *R* square**	**Std. error of the estimate**
1	0.913a	0.833	0.749	0.35501

4.3.2. Multicollinearity test

The VIF (variance inflation factor) values of the independent variables are all less than 10; therefore, the data does not violate the assumption of multicollinearity in **Table 5**.

Table 5. Multicollinearity testing (Source: Author's calculation from SPSS 20).

Model		**Collinearity statistics**	
		Tolerance	**VIF**
1	(Constant)		
	MH	0.344	2.907
	TT	0.309	3.231
	PL	0.134	7.454
	HN	0.381	2.625

Table 5. (*Continued*).

Model		Collinearity statistics	
		Tolerance	**VIF**
1	YT	0.162	6.154
	HQ	0.198	4.186
	HD	0.683	1.464
	KN	0.119	8.422
	MT	0.188	4.341
	TD	0.185	5.403

4.3.3. Autocorrelation test

In the LM test, the calculated Prob value of 0.4826 is greater than 0.05. This indicates that, with 95% confidence, the hypothesis of model autocorrelation is rejected, suggesting that the model does not exhibit autocorrelation in **Table 6**.

Table 6. Autocorrelation testing (Source: Author's calculation from SPSS 20).

Breusch-Godfrey serial correlation LM test			
F-statistic	0.731091	Prob. F(2.205)	0.4826
Obs*R-squared	1.522648	Prob. Chi-Square(2)	0.4670

4.3.4. Regression model

The multiple regression analysis indicates that the variables TT (transparency of transparency) and HQ (human capital and qualifications) have p-values greater than 0.05, meaning there is no statistically significant relationship between these predictors and the adoption of internationally accepted corporate governance norms at the 5% significance level. On the other hand, the remaining variable groups in the model do demonstrate a significant influence. Specifically, one particular variable category shows a positive directional impact on the dependent variable based on its positive regression coefficient. This variable is the corporate consciousness factor, which encompasses elements such as ethical values, a sense of responsibility, and an emphasis on integrity.

Of all the influential predictor groups, the corporate consciousness factor has the most substantial and significant positive effect on the adoption of corporate governance best practices by state-owned enterprises. This suggests that instilling greater awareness of compliance, ethics, accountability, and conscientious decision-making within state-owned firm leadership and management plays a pivotal role in motivating the implementation of global corporate governance standards.

$$\mathrm{MD} = -0.184 + 0.177\mathrm{MH} + 0.135\mathrm{PL} + 0.142\mathrm{HN} + 0.669\mathrm{YT} + 0.136\mathrm{HD} + 0.086\mathrm{KN} + 0.005\mathrm{MT} + 0.155\mathrm{TD} + \varepsilon$$

Overall, the regression analysis indicates that corporate consciousness is a prime driver that policymakers should focus on to promote governance reform among state-controlled corporate entities. Enhancing the moral sentiment and dutiful perspectives of managers seems to be the most impactful lever compared to other factors like transparency or qualifications.

4.4. Regression results discussion

In the case of enterprises entirely owned by the state, it is observed that the enterprise awareness factor positively and significantly influences the adoption of international standard corporate governance norms. This could be explained by: (i) Corporate governance consciousness fosters awareness and respect for international rules and standards. Enterprises wholly owned by the state, with a high level of consciousness, tend to adhere to and implement these standards, thereby creating a high-quality business environment and mitigating legal risks; (ii) corporate governance consciousness promotes a focus on enhancing organizational management. This involves developing efficient management systems, providing conducive work environments for employees, and identifying opportunities for improvement. Strong corporate governance foundations enable state-owned enterprises to swiftly adapt to changes; (iii) corporate governance consciousness aids in building a positive image for state-owned enterprises. When enterprises demonstrate commitment to sustainable corporate governance, human rights, and environmental protection, they garner support from customers, investors, and the community; (iv) embracing international corporate governance rules helps enterprises reduce legal violations and financial risks. By implementing proper corporate governance, they evade negative repercussions like legal penalties, reputation damage, and investor distrust.

According to a survey conducted across state-owned enterprises (including corporations, large state-owned companies, subsidiary companies, and independent enterprises owned by local authorities), only 4 entities discussed the application of international standard corporate governance. Many large state-owned corporations have not addressed the implementation of international standard governance.

The state ownership model also positively influences the adoption of international standard corporate governance among state-owned enterprises. This might be attributed to: (i) Inappropriate ownership structures may lead to a lack of motivation and delayed decision-making processes. Consequently, adhering to international corporate governance norms might face challenges in executing improvements and swift business decisions; (ii) state-owned enterprises often participate in complex decision-making structures with governmental intervention and compliance with political decisions, potentially complicating and making the implementation of international standard corporate governance uncertain. Government intervention may impact business strategy and financial decision-making, diminishing the independence of enterprises.

The factor of the impact of state, acting as the ownership role, inversely impacts the adoption of international standard corporate governance among state-owned enterprises. This could be due to: (i) When the state owns 100% of an enterprise, it often intervenes in its management and business decisions, causing political interference in decision-making and a trade-off between business interests and political goals; (ii) state ownership may result in a lack of drive and delayed decision-making, leading to ineffective company management. Management decisions might face political pressure and may not focus on profit optimization.

The degree of integration also positively affects the adoption of international standard corporate governance among state-owned enterprises. This might occur because: (i) When enterprises engage in international business networks, they access information, technology, and international corporate governance rules. This facilitates the application of international corporate governance standards; (ii) integration and openness create international competitive pressures. Enterprises compete internationally and may improve their corporate governance standards to maintain or enhance their competitiveness; (iii) integration and openness create opportunities for technology and knowledge transfer. Enterprises can learn from international companies and apply this knowledge to their corporate management, enhancing competitiveness and fostering sustainable development; (iv) integration and openness may pressure compliance with international corporate governance standards. Enterprises may need to adhere to standards concerning transparency, risk management, and social responsibility, as required by international investors and partners.

The characteristic of the board of members also impacts the adoption of international standard corporate governance among state-owned enterprises. This may occur because: (i) Diversity within the board of directors can offer numerous advantages. Diverse resources, experiences, and perspectives might help the board understand various aspects of corporate management. It may also encourage innovation and management improvement, particularly when the team includes individuals knowledgeable about international management; (ii) the size of the board of directors can influence the decision-making process and management effectiveness. A large Board may harbor diverse opinions and interests, leading to delayed and complex decision-making. Conversely, a small board may concentrate power and decision-making in the hands of a few individuals, which might not be beneficial for corporate management.

In Vietnam, state-owned enterprises can be organized under a chairman of the board model instead of a board of director's model. This arrangement might struggle to ensure the application of governance principles, especially concerning the composition, structure, and independence of the board, as international standards do not cater to this specific enterprise type.

The legal framework factor also has a conflicting impact on the adoption of international standard corporate governance among state-owned enterprises. This might be because the state's legal framework sets mechanisms ensuring compliance with international corporate governance rules. These rules could be specified in national laws and regulations, and non-compliance could result in legal liabilities.

Currently, Vietnamese laws lack regulations concerning the application of international corporate governance for state-owned enterprises in general and those entirely owned by the state, specifically.

The managerial experience factor affects the application of international standard corporate governance for enterprises wholly owned by the state. This could be because: (i) Managerial experience can influence the execution of international corporate governance rules. Those experienced in applying and adhering to these rules might make decisions and implement them more effectively; (ii) knowledge of international standards in corporate governance is crucial. Individuals familiar with these standards can help enterprises understand requirements and regulations better, thereby enhancing compliance and effectiveness; (iii) management experience and decision-making are critical in applying international corporate governance rules. Experienced managers are capable of making strategic decisions and efficient management to ensure enterprise compliance and create value for shareholders.

The company's operational objectives also impact the application of international standard corporate governance for enterprises wholly owned by the state. This is because: (i) The company's operational objectives may involve a trade-off between financial benefits and social benefits. State-owned enterprises often need to ensure profits for sustainability while complying with social objectives regulated by the government. This could influence compliance with international corporate governance norms; (ii) the company's operational objectives might affect transparency and social responsibility. If the company aims solely for profit without considering social responsibilities, corporate governance might not comply with international standards regarding transparency and social management; (iii) operational objectives may influence the enterprise's consideration of both short-term and long-term goals. State-owned enterprises need to ensure they focus not only on short-term gains but also consider long-term sustainability.

Overall, these factors exhibit various influences on the adoption of international standard corporate governance among state-owned enterprises. Understanding these factors can aid in shaping policies and practices to facilitate better alignment with global corporate governance norms, ensuring enhanced transparency, responsibility, and sustainable development.

5. Conclusion and recommendation

The study on factors affecting corporate governance within state-owned enterprises (SOEs) with complete government ownership reveals several crucial influences on the adoption of international standard corporate governance norms. Notably, the factor of enterprise awareness significantly and positively influences adherence to these standards. This is demonstrated by the emphasis on corporate governance consciousness, which promotes respect for international rules, ensuring compliance and fostering a favorable business environment. However, the survey findings highlight that a limited number of state-owned entities discussed implementing international standard corporate governance, signaling a gap in addressing this aspect among many large state-owned corporations. The state ownership model also emerges as a significant factor shaping corporate governance within SOEs. While it positively influences compliance in certain aspects, it also presents challenges due to inappropriate ownership structures and complex decision-making processes, often influenced by political interventions. Such interference can compromise the autonomy of these enterprises, hindering efficient implementation of international governance norms. Interestingly, the impact of the state acting as the owner tends to inversely affect the adoption of international standard corporate governance among SOEs. This contradiction is attributed to political interventions and a lack of dynamism, resulting in decision-making focused on political interests rather than business optimization. Moreover, factors like integration, board of members' characteristics, legal frameworks, managerial experiences, and operational objectives also play significant roles in shaping corporate governance practices within state-owned entities. Integration fosters access to international standards, technological advancements, and knowledge transfer, contributing to enhanced compliance. The board's composition and legal frameworks exert varying impacts, sometimes offering advantages through diversity and legal compliance, yet at other times, creating challenges due to complex decision-making and a lack of specific regulations.

Recommendations to enhance corporate governance within state-owned enterprises (SOEs) with complete government ownership:

To begin, SOEs should prioritize investing in robust awareness campaigns and comprehensive training programs. These initiatives should underscore the significance and advantages of complying with international standard corporate governance. Moreover, practical guidance on implementation methodologies needs to be incorporated into these training modules.

Simultaneously, the government plays a pivotal role. Policymakers should take proactive measures to develop and enforce explicit policies mandating SOEs' adherence to international corporate governance standards. Clarity within legal frameworks will facilitate smoother and more widespread adoption of these standards.

Careful deliberation concerning the composition and size of the board of members is crucial. Striking a balance between diversity for innovative perspectives and streamlined decision-making processes is essential for effective corporate governance within these entities.

Encouraging active participation of SOEs in global networks and fostering collaborations in international business environments is imperative. This exposure will offer valuable insights into international best practices, thereby facilitating more efficient implementation of corporate governance standards.

SOEs should adopt a holistic approach when setting operational objectives. Balancing short-term financial gains with long-term sustainability and social responsibilities is vital for their growth and ethical standing in the market.

Local laws governing SOEs' governance should be reviewed and adapted by government authorities to align with international standards. This adaptation process will address specific governance needs while ensuring compliance on a global scale.

Lastly, given unique ownership structures prevalent in certain regions like the chairman of the board model in Vietnam, there's a need for tailored guidance and frameworks. These specialized resources should cater to the distinct needs of such entities, aligning their practices with international corporate governance standards.

By implementing these recommended strategies, SOEs can effectively bridge the gap between current practices and international corporate governance standards. This move will not only foster transparency and accountability but also pave the way for sustainable growth and ethical business conduct.

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