THE IMPACT OF OWNERSHIP STRUCTURE ON FINANCIAL PERFORMANCE OF LISTED LOGISTICS FIRMS IN VIETNAM

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ABSTRACT

This research is conducted to investigate the impact level of ownership structure on financial performance of the logistics firms listed on the Hanoi Stock Exchange (HNX). The panel data of five years from 2015 to 2019 was collected from 22 listed logistics firms. We employ techniques of quantitative method for processing multiyear dataset. The results reveal that there has not been much influence of ownership structure with observed variables including (i) Major proportion of shareholding owned by the State (large public ownership) (OGP); (ii) Major proportion of shareholding owned by foreign organizations or individuals (large foreign ownership) (LFO); (iii) Major proportion of shareholding owned by domestic organizations or individuals (large domestic ownership) (LPO); (iv) Major proportion of shareholding owned by members of the Board of Directors, Board of Management, Supervisory Board and relatives (ownership with possessing management rights) (OAR) to the financial performance of logistics firms. When more control variables are put in the model, there has not been any relationship found between ownership structure and control variables on the financial performance of the logistics firms.

Keywords: Ownership Structure, Financial Performance, Accounting, Logistics Firms.

JEL Classification Codes: G30, M41, L25

INTRODUCTION

Freight service is regarded as one of the most important links in the supply chain of logistics services, which has become one of industries playing an essential role in socio-economic development, helping transportation activities to complete quickly and easily, to bring products and goods of firms to all regions and to consumers' hands. Vietnam has seen strong developments in the freight service, delivery firms are rapidly increasing in quantity, significantly improving in quality and creating more and more prestige for partners. However, many shortcomings and challenges in doing business still exist in the transportation industry such as lack of professionalism in delivery services and unfair competition (Nguyen, 2016).

Ownership structure is an important issue for firms because it influences production and business activities, operational goals, and especially firm performance in general and logistics

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firms are unexceptional. In the context of international integration, economic restructuring is conducted at an urgent pace with the focus on corporate restructuring (Tran, 2018).

In the practice, ownership structure of the logistics firms listed on the HNX varies gradually for the period from 2015 to 2019. State ownership still accounts for a significant proportion in listed firms, while foreign ownership accounts for a relatively low proportion of these firms. The fact is that listed firms have many difficulties in accessing capital; therefore it is necessary to restructure the firm's ownership, especially to reduce the rate of state ownership and to increase foreign capital in these firms. To some extent, ownership structure influence financial performance of listed logistics firms. But the question is how the impact level of ownership level on financial performance is much scrutinized in the emerging countries and we use listed logistics firms in Vietnam as the case studies.

LITERATURE REVIEW

The topic of the impact level of ownership structure on financial performance in firms has been much interested. The different findings have been raised some have positive impacts, some have negative impact, some have both negative and positive impact depending on the percentage of ownership structure of stockholders.

Lee (2008) investigated the effect of equity ownership structure on firm performance in South Korea. In Lee's study, two main dimensions of the ownership structure including ownership concentration (i.e., the distribution of shares owned by majority shareholders), and identity of owners (especially, foreign investors and institutional investors). Lee collected panel data for the period from 2000 to 2006; and return on assets (ROA) as a proxy of financial performance. Lee concluded that that the impact of foreign and institutional ownership are insignificant, there exists a hump-shaped relationship between ownership concentration and firm performance, in which firm performance peaks at intermediate levels of ownership concentration, ownership concentration increases, the positive monitoring effect of concentrated ownership first dominates but later is outweighed by the negative effects, such as the expropriation of non-controlling shareholders. The findings shed light on the role ownership structure plays in corporate performance, and thus offer insights to policy makers interested in improving corporate governance systems in an emerging economy such as South Korea.

Aguiar-Diaz et al. (2019) scrutinized the impact of ownership structure, in particular the family characteristics of Spanish port services firms, on profitability. Most profitable one is pilotage, with an average ROA of 26%, while the least profitable port service is cargo handling (7.8%); the rest have similar returns, ranging between 12 and 14%. The results revealed that firms with unique or dominant shareholder have more profitable; profitability declines when the sole shareholder is a member of the family, firms in which the family maintains ownership in second or successive generations are more profitable than those of the first generation.

Faysal et al. (2020) looked into the ownership structure as (institutional ownership and managerial ownership) influencing the cost of equity in emerging markets. They applied the regression model with the fixed-effect model (FEM). Data collected from listed firms on the Iraq-Iran Stock Exchange during 2012-2017. The results showed that there existed significant positive between institutional ownership and the cost of equity, a significant negative associated between managerial ownership with the cost of equity in the Iranian and Iraqi contexts. Moreover, the findings indicate a similar impact of ownership structure on the cost of equity in the Iraqi and Iranian contexts.

Laporšek et al. (2021) employed firm-level annual financial reports data and data on

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ownership structure of Slovenian join stock firms for the period from 2005 to 2017 and used panel regression techniques. They found that Slovenian state-owned joint stock firms are less profitable than their privately-owned counterparts and they did not observe statistically significant relationship between ownership concentration and firm performance. The findings show the need of further actions in improvement of corporate governance of state-owned firms in Slovenia.

Ownership structure is measured by institutional shareholdings, insider shareholdings, foreign shareholders and government shareholdings, while return on assets (ROA), return on equity (ROE), market-to-book ratio (MBR) and Tobin's Q (TQ) are used as proxies of financial performance (Ud Din et al., 2021). Kanwal & Nadeem collected data of 146 manufacturing firms listed at the Pakistan Stock Exchange (PSX) for the period 2003–2012; employed the dynamic panel generalized method of moments (GMM) method. The results show that, institutional ownership exerts a significant positive impact on ROE and MBR, which suggests that institutional investors play a significant role in improving the financial performance of firms in Pakistan. Furthermore, the results reveal a significant positive relationship of insider ownership with ROA, ROE, MBR and TQ, which is consistent with the prediction of agency theory that concentration of insider ownership aligns the interest of shareholders with those of the managers and hence improves performance. A significant positive association of government shareholdings with ROA and ROE was also found.

RESEARCH METHODOLOGY

Research Model and Measurement

Based on the literature review, we synthesize the techniques to measure dependent variable of financial performance and independent variables as below (Figure 1 and Table 1):

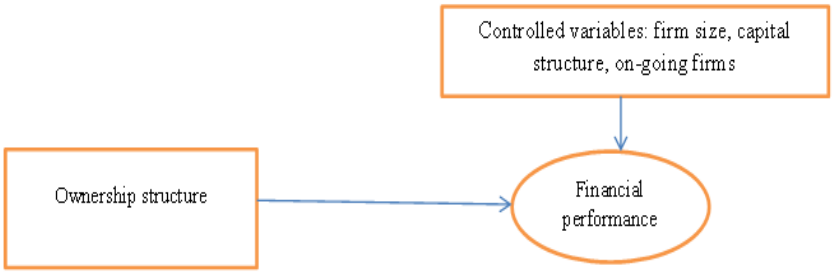

FIGURE 1
PROPOSED RESEARCH MODEL

Ownership Structure

It often used in the empirical research as the proxy of corporate control. The types of owner and their holdings have significant influence on corporate major decisions (Mazumder, 2017). The ownership structure is an important determinant of corporate governance and it affects the financial performance

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Financial Performance

Cohen et al. (1997) employed return on assets (ROA) to measure the financial performance. They argued that ROA was widely used by market analysts, as a measure of financial performance as it measures an asset's effectiveness in generating income. Russo and Fouts (1997); McGuire et al. (1988); Stanwick & Stanwick (2000); Clarkson et al. (2008) also regarded ROA as the proxy of financial performance. But, Bowman & Haire (1975); Le (2017) used the return on equity (ROE) as the proxy of financial performance.

Table 1
VARIABLES AND ITS MEASUREMENTS

Code	Description	Measurement	Sources
Financial performance (FP)			
FP1	ROA	Profit/Total asset	Lee (2008); Onaolapo & Kajola (2010); Agha (2014); Iqbal & Zhuquan (2015); Pouraghajan et al. (2012); Aguiar-Diaz et al. (2019); Saleh et al. (2020); Do (2021); Ud Din et al. (2021)
FP2	ROE	Profit/Equity	Amato & Burson (2007); Onaolapo & Kajola (2010); Pouraghajan et al. (2012); Kanwal & Nadeem (2013); Saleh et al. (2020); Do (2021); Ud Din et al. (2021)
Ownership structure (OS)			
OGP	Major proportion of shareholding owned by the State (large public ownership)	Total number of shares held by the state/Total number of common shares outstanding	Mollah et al. (2012); Vo (2014); Nguyen & Dang (2017)
LFO	Major proportion of shareholding owned by foreign organizations or individuals (large foreign ownership)	Total number of shares held by foreigners /Total number of common shares outstanding	Mollah et al. (2012); Vo (2014); Nguyen & Nguyen (2017); Nguyen & Dang (2017)
LPO	Major proportion of shareholding owned by domestic organizations or individuals (large domestic ownership)	The total number of public shares held by domestic entities/Total number of common shares outstanding	Tricker (2009); Mollah et al. (2012); Vo (2014); Nguyen & Nguyen (2017)
OAR	Major proportion of shareholding owned by members of the Board of Directors, Board of Management, Supervisory Board and relatives (ownership with possessing management rights)	Total number of shares of the board of directors, the supervisory board, the executive board and the relatives/Total number of common shares outstanding	Tricker (2009); Mollah & et al. (2012); Tran & Duong (2011); Nguyen & Nguyen (2017)
Controlled variables			
SC	Firm size	Total assets	Nguyen et al. (2021)
CS	Capital structure	Total debt/Total assets	Nguyen et al. (2021), the authors propose
COT	Firm continuous operation time	Initial public offering (IPO) to the time of collection	Nguyen (2018)

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Relationship between Ownership Structure and Financial Performance

Firth et al. (2007), and Conyon & He (2011) found that executive pay and CEO incentives are lower in state owned firms and firms with concentrated ownership structure. In the context of German, Schmid (1997) indicated that bank ownership insulates managers from effective disciplining, and thus has a positive impact on the level of pay. Abe et al. (2005) argued that when outside monitors can observe the behavior of directors, the relative importance of financial performance in executive compensation contract would be smaller.

The ownership structure helps improve information in stock prices; enhance the corporate governance and increase the quality of information delivered (He et al., 2013); which facilitates solving problems of representatives in the operation of listed firms and limit information asymmetry issues in the stock market; enables to reduce the costs in collecting information and thereby reduce transaction costs for investors (Vu et al., 2020).

According to the current ownership structures of Japanese firms, almost fifty percent of their outstanding shares are owned by financial institutions and business corporations. Several empirical studies support that institutional owners are very dominating in Japanese firms to control the overall operating and financial decisions. According to efficient monitoring hypothesis, controlling shareholders have the incentive, ability and expertise to control the behavior of the managers to extract more compensation from the business (Mazumder, 2017).

Data and Techniques

Data were collected from annual reports including audited financial statements of listed logistics firms for the period from 2015 to 2019. Dependent, independent variables and meanings, how to measure and sources are presented in Table 1 above.
We use pannel data for the period from 2015 to 2019 with 22 losigistics firms. So we get 110 observation for running the data.

We check the information of the data to ensure the reliability for running data in the quantitative method. Then, we cleaned, synthesized and analyzed them according to the following steps: (i) input data in the worksheet of Microsoft Excel; then (ii) export data into Stata 13 software and use techniques of descriptive statistics, correlation analysis, scale regression modeling, regression run for processing quantitative data.

RESEARCH RESULTS

Descriptive statistics

Table 2 shows that the dependent variable includes two attributes; the independent variable includes four attributes; the controlled variable consists of three attributes; each attribute/observed variable is described by 110 observations. Basic indicators such as mean, maximum value (max), minimum value (min), standard deviation (sd), variance, skewness, kurtosis, distribution degree (p50), sum, range, coefficient of variation (cv) of each observed variable have been identified and these basic indicators reflect the true state of ownership structure and financial performance of logistics firms listed on the HNX.

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Table 2
DESCRIPTIVE STATISTICS OF VARIABLES

General descriptive statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
Dependent variables					
ROE	110	0.1044218	0.0956682	-0.2481	0.3717
ROA	110	0.0618045	0.0688578	-0.1945	0.273
Independent variables					
OGP	110	0.2801099	0.2966786	0	0.9256
LFO	110	0.0724392	0.1334086	0	0.6118575
LPO	110	0.9275599	0.1334082	0.3881425	1
OAR	110	0.096401	0.1351202	0	0.652925
Controlled variables					
SC	110	723931.5	1167980	46399	5254567
CS	110	0.760818	4.071217	0.0149	43
COT	110	13.77273	4.836139	0	26

Detail descriptive statistics (Dependent variable)

Stats	ROE	ROA
N	110	110
sum	11.4864	6.7985
range	0.6198	0.4675
variance	0.0091524	0.0047414
Cv	0.9161702	1.114122
skewness	-0.3479766	.0663464
kurtosis	5.35797	6.627057
p50	0.09475	0.05985

Independent variables

Stats	OGP	LFO	LPO	OAR
N	110	110	110	110
sum	30.81209	7.968314	102.0316	10.60411
range	0.9256	0.6118575	0.6118575	0.652925
variance	0.0880182	0.0177979	0.0177977	0.0182575
Cv	1.059151	1.841663	0.143827	1.401647
skewness	0.4931299	2.132673	-2.132677	2.457751
kurtosis	1.912836	6.694304	6.694327	9.634641
p50	0.19425	0.0128428	0.9871572	0.0476126

Controlled variables

Stats	SC	CS	COT
N	110	110	110
sum	7.960708	83.68998	1515
range	5208168	42.9851	26
variance	1.361212	16.57481	23.38824
Cv	1.613385	5.351104	0.3511388
skewness	2.725736	10.29098	-0.6889719
kurtosis	9.676431	107.2768	4.268401
p50	283741.5	0.345	14

Correlation Analysis Results

Table 3 shows the results of correlation analysis, also known as multicollinearity analysis. The results present that all the absolute value of each correlation coefficient between attributes of independent variable are less than 0.8, except for that of the two attributes of LFO

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and LPO with the correlation coefficient of -1.000. Therefore, the multicollinearity phenomenon occurs between the two attributes of LFO and LPO, the remaining pair of attributes of independent variables do not suffer from multicollinearity. Thus, the attribute of LPO is excluded from the regression model (Farrar & Glauber, 1967; Bryman & Cramer, 2001). The regression model then has one independent variable with three attributes, and one dependent variable with two attributes.

Table 3
CORRELATION RESULTS OF INDEPENDENT VARIABLE

	OGP	LFO	LPO	OAR
OGP	1			
LFO	-0.1634	1		
LPO	0.1634	-1.0000	1	
OAR	-0.4458	0.1904	-0.1904	1

Correlation analysis between the independent with controlled variables is illustrated in Table 4. As can be seen that, all the absolute value of each correlation coefficient between attrbutes of independent variable with controlled variables and all the absolute value of each correlation coefficient between attributes of controlled variables are less than 0.8; therefore, there is no multicollinearity phenomenon between the independent variable and the controlled variable and between the controlled variables (Bryman & Cramer, 2001). Thus, it is possible to include controlled variables in the research model.

Table 4
CORRELATION ANALYSIS RESULTS OF INDEPENDENT VARIABLE AND CONTROLLED VARIABLES

	OGP	LFO	LPO	OAR	SC	CS	COT
OGP	1						
LFO	-0.1634	1					
LPO	0.1634	-1.0000	1				
OAR	-0.4458	0.1904	-0.1904	1			
SC	0.3720	-0.1839	0.1839	-0.2654	1		
CS	-0.0929	-0.0668	0.0668	0.0144	-0.0013	1	
COT	-0.0964	-0.0043	0.0043	0.0927	0.3402	0.0412	1

Regression Results and Robustness Test

Regression results without controlled variables

Table 5
OLS REGRESSION RESULTS (NO CONTROLLED VARIABLES)

OLS regression results for ROA						
Source	**SS**	**df**	**MS**	Number of obs = 110		
				F (3, 106) = 2.22		
Model	0.030567558	3	0.010189186	Prob > F = 0.0899		
Residual	0.48624499	106	0.004587217	R-squared= 0.0591		
				Adj R-squared = 0.0325		
Total	0.516812548	109	0.0047414	Root MSE = 0.06773		
ROA	Coef.	Std. Err.	t	P>|t|	[95% Conf. Interval]	
OGP	0.0465844	0.0245264	1.90	0.060	-0.0020415	0.0952102
LFO	0.0582793	0.0497316	1.17	0.244	-0.0403186	0.1568771

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OAR	-0.0339875	0.0541177	-0.63	0.531	-0.1412812	0.0733061
_cons	0.0478105	0.0126178	3.79	0.000	0.0227945	0.0728266
OLS regression results for ROE						
Source	SS	df	MS	Number of obs = 110		
				F (3, 106) = 1.28		
Model	0.034754814	3	0.011584938	Prob > F = 0.2867		
Residual	0.962856474	106	0.009083552	R-squared = 0.0348		
				Adj R-squared = 0.0075		
Total	0.997611288	109	0.009152397	Root MSE = 0.09531		
ROE	Coef.	Std. Err.	t	P>|t|	[95% Conf. Interval]	
OGP	0.0369116	0.0345133	1.07	0.287	-0.0315143	0.1053375
LFO	-0.0064083	0.0699819	-0.09	0.927	-0.1451543	0.1323377
OAR	-0.0725828	0.076154	-0.95	0.343	-0.2235655	0.0783999
_cons	0.1015438	0.0177557	5.72	0.000	0.0663414	0.1367461

With 95% of confidence degree, Table 5 shows:

For ROA: F=2.22>1.96 and Prob >F=0.0899>0.05: Thus the model is not consistent and not statistically significant (Bryman & Cramer, 2001).

For ROE:F=1.28<1.96 and Prob >F=0.2867>0.05: Thus the model is inconsistent and statistically insignificant (Bryman & Cramer, 2001).

So we conclude that the impact of ownership structure on financial performance (ROA, ROE) of the logistics firms listed on HNX has not been revealed.

Regression Results With Some Controlled Variables

Table 6
OLS REGRESSION RESULTS WITH CONTROLLED VARIABLES

OLS regression results with some controlled variables for ROA						
Source	**SS**	**df**	**MS**	Number of obs = 110		
				F (6, 103) = 1.79		
Model	0.048788403	6	0.008131401	Prob > F = 0.1085		
Residual	0.468024144	103	0.004543924	R-squared = 0.0944		
				Adj R-squared = 0.0416		
Total	0.516812548	109	0.0047414	Root MSE = 0.06741		
ROA	Coef.	Std. Err.	t	P>|t|	[95% Conf. Interval]	
OGP	0.0502753	0.0260951	1.93	0.057	-0.0014783	0.1020289
LFO	0.0549568	0.0500249	1.10	0.275	-0.0442559	0.1541694
OAR	-0.0317778	0.0545053	-0.58	0.561	-0.1398761	0.0763206
SC	-3.742409	6.654609	-0.56	0.575	-1.698108	9.443409
CS	0.00104	0.0015996	0.65	0.517	-0.0021324	0.0042124
COT	-0.002114	0.0014792	-1.43	0.156	-0.0050476	0.0008197
_cons	0.0778383	0.0231659	3.36	0.001	0.0318942	0.1237823
OLS regression results with some controlled variables for ROE						
Source	**SS**	**df**	**MS**	Number of obs = 110		
				F (6,103) = 0.93		
Model	0.051119077	6	0.008519846	Prob > F =0.4788		
Residual	0.94649221	103	0.009189245	R-squared = 0.0512		
				Adj R-squared= -0.0040		
Total	0.997611288	109	0.009152397	Root MSE = 0.09586		
ROE	**Coef.**	**Std. Err.**	**t**	**P>|t|**	**[95% Conf. Interval]**	
OGP	0.0463835	0.0371094	1.25	0.214	-0.0272143	0.1199813
LFO	-0.0100232	0.0711395	-0.14	0.888	-0.1511117	0.1310653

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OAR	-0.075176	0.0775109	-0.97	0.334	-0.2289006	0.0785486
SC	-6.711209	9.460909	-0.71	0.480	-2.557308	1.201708
CS	0.0016736	0.0022747	0.74	0.464	-0.0028378	0.006185
COT	-0.0010754	0.0021035	-0.51	0.610	-0.0052473	0.0030965
_cons	0.1177957	0.0329437	3.58	0.001	0.0524595	0.1831318

With 95% of confidence degree, Table 6 illustrates that:

For ROA: F=1.79<1.96 and Prob >F=0.1085>0.05: Thus the model is not consistent and not statistically significant (Bryman & Cramer, 2001).

For ROE: F=0.93<1.96 and Prob >F=0.4788>0.05: Thus the model is not consistent and not statistically significant (Bryman & Cramer, 2001).

So we state that if the model has control variables, the impact of ownership structure on financial performance proxied by ROA, ROE of the logistics firms listed on HNX has not been found.

DISCUSSIONS AND IMPLICATIONS

Joint-stock firms in general and logistics firms listed on the Hanoi Stock Exchange (HNX) in particular have the basic characteristics of capital owned by different shareholders forming the firm's ownership structure.

Ownership structures of 22 logistics firms listed on HNX are in variation. Each firm has its own ownership structure, and own advantages and disadvantages as well. The characteristic of ownership structure is one of the determinants influencing financial performance of listed firms.

Ownership structure is a crucial aspect for firms because it affects production and business activities, operational goals, especially financial performance of firms in general and of logistics firms in particular. In the context of international integration, economic restructuring is happening at an urgent pace with the focus on corporate restructuring (Tran, 2018).

The full disclosure of the firm's ownership structure contributes to measuring the integrity and transparency of a public firm, is extremely important information for shareholders, helping shareholders to identify the degree of ownership and control power of the actual controllers in the public firm.

Major Proportion of Capitals Owned By The State (Large Public Ownership)

The detrimental effect of state ownership on corporate activity is that state ownership has different objectives compared to other owners. The goal of common shareholders is to maximize the value of the firm and get more dividents. However, state ownership may have social (e.g. to increase employment) or political (for example, to prevent foreign investors from entering and to protect the domestic production) (Capobianco & Christiansen, 2011).

Government ownership has a negative impact on firm's performance. If the largest shareholder in a firm is a family, a corporation, or the government then all of these shares of capital have an adverse effect on firm performance. Therefore, restructuring ownership of firms is necessary in order to create a better match between ownership structure and firm strategy (Thomsen & Pedersen's, 2000). State ownership makes it easier for a company to raise capital from banks. Connecting with the State can help firms cope with bureaucratic demands and gain support from the government (Firth et al., 2007).

Firms with substantial state ownership benefit from state support and political alignment

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and argue that a high degree of state ownership improves firm performance as the government places more effort into these firms (Wei & Varela, 2003).

For the state-owned group, they show a negative effect of state on firm performance. One of the important reasons is agency cost problem which is that management has no motivation or little effort in creating more value for shareholders of state owned firms (Tran, 2018).

Conducting a study on ownership structure in developing countries, especially countries with the participation of state ownership such as Eastern Europe, China, and Vietnam, has its own characteristics. State ownership in public firms in these countries often has a high proportion after the economy was transformed from a centralized economy, which represents state intervention in firms' activities in the economy (Nguyen & Dang, 2017).

Large Foreign Ownership

Foreign investors help to improve management systems and provide access to huge resources (Ongore, 2011). Foreign institutional ownership results in cutting-edge corporate assets that are a good monitor in a developing market (Khanna & Panepu, 1996), which are positively associated with knowledge transfer in subsidiaries with a high number of foreign managers and workers (Ghahroudi et al., 2019). Not only in emerging markets but also in developed markets, firms with foreign board members (UK-US) have better corporate governance, which can enhance corporate value. Foreign ownership can help a firm overcome financial difficulties and increase access ability to external finance, thereby increasing its investment and perhaps leading to higher firm performance (Koo & Maeng, 2006).

Foreign ownership brings a positive impact on the increase in firm value. This is because foreign investors have experience in the financial markets as well as in running a firm. In emerging countries or developing countries, the experience in firm management and administration is limited. Therefore, with the experience of foreign investors, financial performance will significantly increase. However, to ensure the rights of shareholders, it is necessary to have a strict legal system, thereby increasing firm performance (Tran, 2018). Firms with a high proportion of foreign ownership, with difficulty in accessing domestic loans and restrictive regulations from mobilizing foreign loans, often have lower leverage (Kasseeah, 2008).

In the context of Vietnam, currently due to limited legal regulations, increasing the proportion of foreign ownership in domestic firms is still a challenge for firms. The main reason is that the government wants to protect domestic firms from deep integration with the world. On the other hand, with the financial potential of foreign firms, if the foreign ownership accounts for more than 51%, it will be difficult for the government to control the economic sectors as well as essential daily life goods (Pham, 2013).

Firms with high percentage of foreign ownership have low debt ratios (Vo, 2014). When foreign investors hold shares in firms, they supervise carefully, pay much attention to corporate governance and development, do not borrow capital for projects that do not create firm value. Foreign investors often have the advantage of equity and they can diversify their financing sources for projects so they will borrow less. Foreign ownership and high institutional ownership contribute to good monitoring of firm activities (Vo, 2014).

Ownership with Possessing Management Rights

In a firm, the owner has experience in building success, so their management will be

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more effective (Tran, 2018). The higher the total number of shares of the Board of Directors, the Supervisory Board, the Board of Management and relatives, the more powerful these subjects in controlling and managing the firm. According to the provisions of the Law on Enterprises and the Charter of joint stock firms: a group or shareholders owning 75% of the shares will hold control of the firm and approve all decisions of the firm. However, when the Board of Directors, the Supervisory Board, the Board of Management and relatives have a high percentage of share ownership, they can make decisions that are of personal interests, which adversely influence the firm's performance.

Large Domestic Ownership

Although the determinant of large domestic ownership is excluded from the sample, we present some contents about this observed variable to clarify the characteristics of large private ownership and also contribute explanations about the reasons why this variable is removed. Investors with a large proportion of ownership in the firm have a greater incentive to maximize firm value and have the ability to gather information, control management, and assist in overcoming related agency problems in a firm (Jensen & Meckling, 1976). However, Shleifer & Vishny (1997) also argued that the big investors often represent their own interests, sometimes against the interests of other investors in an entity, or against the interests of employees and managers.

Although the point of view about major shareholders' impact on firm performance still exists conflicts between scientists, it still plays important part in corporate governance. Specifically, major shareholders play an important role in the corporate governance system because they have sufficient skills, time and interest in firm performance. Centralization of power through owning a large percentage of shares is highly likely to have a positive impact on the firm value, and firms with a large shareholder ownership contributes to good monitoring and controlling operations, which optimize the daily expenses and to minimize agency costs (Becker et al., 2011).

The major shareholders who take over the firm will control a large portion of the voting rights on the firm's assets, which can put pressure on managers, causing managers to be prudent in running business and they might be replaced by a group of major shareholders. At this stage, the interests of major shareholders may not be consistent with the interests of other stakeholders in a firm (Shleifer & Vishny, 1997). Through their controls, major shareholders can distribute a firm's wealth in a way that is most beneficial to them, such as paying special dividends, resulting in conflicts among major and minor shareholders (Gibson, 2003).

When major shareholders hold a critical stake in a firm, they run their managers, which reduces the manager's initiative in decision-making and neutralize major agency problems to protect their interests (Kim & Hwang, 2014).

In the circumstances of Vietnam, there are regulations that major shareholders have to report their ownership on the number and percentage of shares owned by organizations or individuals or joint-holding with other organizations or individuals over the total number of outstanding shares (National Assembly, 2006). However, major shareholders often divide the shares to family members and friends so that they hold the number of shares below the required level of disclosure. In addition, centralized ownership can easily lead to adverse problems.

Insiders are major shareholders of public firms (National Assembly, 2006). The problem of power abuse and personal gain of major shareholders is easy to encounter in firms, which leads to conflicts between the interests of dominant and minor shareholders and the loss that is usually

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of small shareholders.

For groups with active monitor system, institutional shareholders have experience in the financial markets and corporate governance. Therefore, firms with an organized group of ownership are highly likely to have high financial performance (Tran, 2018).

Researchers around the world use the variable ownership ratio of major shareholders to indicate the degree of ownership concentration of firms. Centralized or decentralized ownership structures have their own strengths and weaknesses, but it is important to adhere to the core principles of corporate governance, which are integrity, accountability and transparency (Nguyen & Tran, 2011).

Furthermore, in Vietnam, it can be seen that the dominant group of shareholders often has a good relationship with banks, which help firms receive better borrowings in a larger amount (Vo, 2014). The performance of state and private owned firms is not as high as that of firms with shares owned by foreign investors (Tran, 2017).

RECOMMENDATIONS

The State expects to attract more foreign investment in order to maintain domestic investments and ensure the economic development. In the context of a restructuring Vietnam market, the economy is experiencing a market with gradual divestment of state ownership and greater participation of foreign shareholders and the centralized ownership structures of listed firms. Vietnamese law requires public firms to disclose major shareholders (holding more than 5% of the total number of voting shares) (Ministry of Finance, 2015).

In developed countries, they have a rather low rate of state ownership. This totally differs from most listed firms in Vietnam with a centralized structure of ownership, the sizable state capital participation. In many State owned firms, the State can have the ability to dominate its operations. Therefore, findings in proper studies in the context of developed countries cannot be completely applied for developing countries like Vietnam.

Vietnam is an emerging market with a weak corporate governance system due to the high concentration of ownership structures, especially the State occupying a large percentage of shares in firms. Thus, the increase in foreign ownership can play a supervisory role in governance, improving corporate governance and providing advanced skills and resources, which can lead to an increase in the value of a firm.

For ineffective firms which have low firm values and financial performance, the State should have a divestment strategy. For firms effectively using the state capital, with good market price, the State should have a divestment roadmap by the following approach as if the market price correctly reflects the firm value; it should immediately be sold to collect capital. In the case of firms with the lower price than expected, it is also necessary to have a gradual divestment plan in the future (Tran, 2018).

Currently, most of logistics firms in Vietnam have a much lower foreign ownership rate than the permitted limit rate. However, in the long run, the deregulation of foreign ownership will help foreign investors increase their owning portion. When the ownership rate exceeds 51%, foreign investors will obtain more opportunities to directly participate in the corporate governance and deeply join in the activities of the firms. At that time, it will help to increase liquidity for stocks in the market, improve the ability to mobilize capital for firms, enhance management capacity and firm competitiveness, and firms have more opportunities to access with advanced science and technology in the world.

The State should take measures to support the development of the stock market. First of

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all, it is urgent to perfect a full, synchronous, and highly effective legal framework. In addition, a stable legal system that meets the criteria of securities law must synchronize the Vietnamese system, be compatible with international standards, which can absorb elements of foreign laws to prevent and control systemic risks. Thereby, the sustainable development of the stock market could be ensured. The stock market then will be improved, investors are more protected, the market becomes fair, efficient and transparent, which help to minimize systemic risks. In addition, the State needs to issue and complete legal frameworks soon so that Vietnamese logistics firms can proactively issue shares abroad to attract more capital from the international market (Tran, 2018).

The policy of equitization of state owned firms as well issuance of shares of these firms on the stock market is an accurate decision, contributing to eliminating non-financial and non-economic advantages, creating a fair market field for firms (Vo, 2014). Therefore, the State needs to equitize logistics firms that have not been equitized as soon as possible.

The government should promote policies to encourage investment funds and organizations to invest in firms because their advantages and experience in governance can increase financial performance and their values. In addition, the government needs to issue policies and procedures to support capital resources for firms so that they can expand production. Banks also need to simplify the firm loan procedures and diversify their credit package and program (Tran, 2017).

In short, this study is conducted to scrutinize the impact of ownership structure on financial performance proxied by ROA and ROE of the logistics firms listed. The results illustrate that variables such as OGP, LFO, LPO, OAR, SC, CS and COT have not impact on financial performance in logistics firms listed on the Hanoi Stock Exchange.

CONCLUSION

The present study contributes to the existing literature on ownership structure and financial performance in an emerging market like Vietnam. Findings of this study may provide useful insights to corporate managers and investors about the relationship between ownership structure and financial performance of firms from the logistics sector in Vietnam. This study is not only meaningful for logistics firms in formulating measures to improve the ownership structure and financial performance; but also meaningful to researchers when they study finance and accounting.

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