


**CORPORATE SOCIAL RESPONSIBILITY, BOARD OF DIRECTORS' AFFECT FINANCIAL PERFORMANCE: EVIDENCE IN VIETNAM**

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ARTICLE INFO	ABSTRACT
<p><b>Article history:</b></p> <p><b>Received</b> 01 May 2023</p> <p><b>Accepted</b> 27 July 2023</p>	<p><b>Purpose:</b> The study aims to explore corporate social responsibility and corporate governance issues such as the board of directors' characteristics that affect the financial performance of the manufacturing listed companies on the Ho Chi Minh Stock Exchange in Vietnam.</p>
<p><b>Keywords:</b></p> <p>Financial Performance; Return on Equity; Corporate Social Responsibility; Corporate Governance.</p> <div data-bbox="172 987 480 1234" style="text-align: center;">  </div>	<p><b>Theoretical framework:</b> The study is based on the agency theory, stakeholder theory and the fundamental corporate social responsibility to clarify its role and the importance of information disclosure to interested parties when making economic decisions.</p> <p><b>Methodology:</b> Using pooled Ordinary least squares causes biased results because of autocorrelation and heteroscedasticity, thus the authors conduct Feasible Generalized Least Squares to increase the reliability of findings.</p> <p><b>Findings:</b> The research results show that there are four statistically significant factors that affect financial performance: corporate social responsibility, board gender diversity, ownership concentration, and government ownership.</p> <p><b>Research, Practical &amp; Social implications:</b> The obtained results highlight the direct relationship between corporate social responsibility and financial performance, implying that these listed companies can improve their firm value based on the mentioned factors.</p> <p><b>Originality/value:</b> by examining the significant relationship between CSR and performance, the author emphasizes the role of managers in disclosing information relevant to their responsibilities to the environment and community. The problem is still a limited concern by corporates in the emerging market as Vietnam.</p> <p>Doi: <a href="https://doi.org/10.26668/businessreview/2023.v8i8.2388">https://doi.org/10.26668/businessreview/2023.v8i8.2388</a></p>

**RESPONSABILIDADE SOCIAL CORPORATIVA, AFETAM O DESEMPENHO FINANCEIRO DO CONSELHO DE ADMINISTRAÇÃO: EVIDÊNCIAS NO VIETNÃ**

**RESUMO**

**Objetivo:** O estudo tem como objetivo explorar a responsabilidade social corporativa e questões de governança corporativa, como as características do conselho de administração que afetam o desempenho financeiro das empresas listadas na Bolsa de Valores de Ho Chi Minh no Vietnã.

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**Estrutura teórica:** O estudo baseia-se na teoria da agência, na teoria das partes interessadas e na responsabilidade social corporativa fundamental para esclarecer o seu papel e a importância da divulgação de informações para as partes interessadas ao tomar decisões econômicas.

**Metodologia:** O uso de mínimos quadrados comuns provoca resultados tendenciosos por causa da autocorrelação e heteroscedasticidade, assim os autores realizam Mínimos Quadrados Generalizados Viáveis para aumentar a confiabilidade dos achados.

**Constatações:** Os resultados da pesquisa mostram que há quatro fatores estatisticamente significativos que afetam o desempenho financeiro: responsabilidade social corporativa, diversidade de gênero no conselho, concentração de propriedade e propriedade do governo.

**Investigação, implicações práticas e sociais:** Os resultados obtidos destacam a relação direta entre a responsabilidade social das empresas e o desempenho financeiro, o que implica que estas empresas cotadas podem melhorar o seu valor de empresa com base nos fatores mencionados.

**Originalidade/valor:** examinando a relação significativa entre RSE e desempenho, o autor enfatiza o papel dos gestores na divulgação de informações relevantes para suas responsabilidades ao meio ambiente e à comunidade. O problema ainda é uma preocupação limitada por empresas no mercado emergente como o Vietnã.

**Palavras-chave:** Desempenho Financeiro, Retorno sobre a Equidade, Responsabilidade Social Corporativa, Governança Corporativa.

## RESPONSABILIDAD SOCIAL CORPORATIVA, AFECTACIÓN DE LA JUNTA DIRECTIVA AL DESEMPEÑO FINANCIERO: EVIDENCIA EN VIETNAM

### RESUMEN

**Finalidad:** El estudio tiene como objetivo explorar la responsabilidad social corporativa y cuestiones de gobierno corporativo, como las características del consejo de administración que afectan el rendimiento financiero de las empresas de fabricación que cotizan en la Bolsa de Valores de Ho Chi Minh en Vietnam.

**Marco teórico:** El estudio se basa en la teoría de la agencia, la teoría de los stakeholders y la responsabilidad social empresarial fundamental para aclarar su papel y la importancia de la divulgación de información a las partes interesadas a la hora de tomar decisiones económicas.

**Metodología:** El uso de mínimos cuadrados ordinarios agrupados causa resultados sesgados debido a la autocorrelación y heteroscedasticidad, por lo que los autores conducen Mínimos Cuadrados Generalizados Factibles para aumentar la confiabilidad de los hallazgos.

**Hallazgos:** Los resultados de la investigación muestran que hay cuatro factores estadísticamente significativos que afectan el desempeño financiero: la responsabilidad social corporativa, la diversidad de género en los directorios, la concentración de la propiedad y la propiedad del gobierno.

**Implicaciones investigativas, prácticas y sociales:** Los resultados obtenidos destacan la relación directa entre la responsabilidad social corporativa y el desempeño financiero, implicando que estas empresas cotizadas pueden mejorar su valor empresarial con base en los factores mencionados.

**Originalidad/valor:** al examinar la relación significativa entre la RSE y el desempeño, el autor enfatiza el papel de los gerentes en la divulgación de información relevante para sus responsabilidades con el medio ambiente y la comunidad. El problema sigue siendo una preocupación limitada para las empresas en el mercado emergente como Vietnam.

**Palabras clave:** Rendimiento Financiero, Rentabilidad del Capital, Responsabilidad Social Corporativa, Gobierno Corporativo.

### INTRODUCTION

There is a gap concerning corporate social responsibility (CSR) between developed and developing countries. However, there are struggles with several barriers against CSR in developing countries. Besides, corporate governance is important in a company system, especially for the board of directors (BOD), who take responsibility for operation and management to ensure the interests of stakeholders and managers. Sustainable development has

become an important company strategy and the board of directors' decision takes a vital role, typically in listed companies. In developed countries, CSR is important for increasingly immersing and completing the company's core strategies and business policies. In addition, social responsibility activities are concerned because social activities benefit stakeholders' relationships and build sustainable growth for these companies. Under the encouragement of government policies, the board of directors is important in setting up their company orientation in corporate activities. Thus, the relationship between companies and their stakeholders, especially the board of directors in Vietnam, needs to be concerned with an inappropriate way to increase the companies' value and set a sustainable strategy. There are many empirical proofs that the corporate governance role impact CSR and financial performance. Vietnamese researchers have focused on CSR disclosure or the relationship between CSR and financial performance, but there is still a lack of corporate governance. Even though a few studies emphasize corporate governance, such as characteristics of directors on board, such as foreign ownership, independent directors, and gender diversity. At the same time, international researchers explore more features of directors on board to have a general view of the corporate governance role and CSR that impact to financial performance. The author still has not found any research focusing on corporate governance and CSR effect on financial performance from 2016 to 2020 in the manufacturing industry. Most studies in Vietnam use primary data, such as surveys or interviews. In some cases, some studies use secondary data collected in a year, so there is no continuity test. So, the author focuses on the research to clarify CSR and board of directors' characteristics impacts on financial performance from 2016 to 2020. Based on the description that has been presented, the study aims to explore corporate social responsibility and corporate governance issues such as the board of directors' characteristics that affect the financial performance of the manufacturing listed companies on the Ho Chi Minh Stock Exchange in Vietnam. Besides the study also find out the answer for the research question "How do the corporate social responsibility and the board of directors' characteristics affect the financial performance in Vietnamese listed companies from 2016 to 2020?".

## **LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT**

### **Literature Review**

Agency theory concerns the relationship between principals and agents (Jensen & Meckling, 1976). The core of this theory is interest conflict through the separation of ownership and management in an organization. In more detail, there is a conflict between owners and

managers who act as agents to take responsibility for the company's operation direction for each side's interests (Fama, 1980). So, many organizations concentrate on the relationship between the owners and the agents to ensure maximum company value. According to (Jensen & Meckling, 1976), the agency theory states that the separation between ownership and managerial rights creates a conflict between owner and operator. Managers may pursue their self-interest at the expense of profit maximization, not the maximum benefit for owners, creating agency costs. However, this theory can reduce the conflict of interest between the employer and the manager through salary and bonus policies. Still, in reality, the problem of representatives has to face many obstacles, such as information asymmetry, rationality, fraud, and agency cost (Panda & Leepsa, 2017). Besides, stakeholder theory is a corporate framework in the corporate social responsibility method (Freeman, 1984). This theory mentions the stakeholders involved in employee relations, community involvement, product, and environment, and the connection to financial ratio, including Net profit margin, return on assets, and return on equity. So, the application of stakeholder theory maximizes shareholder value, and the relationship with stakeholders should be noticed by a manager (Freeman, 1999). Approaching social responsibility and social performance under stakeholder elements also expresses the struggle for the problem of stakeholder identity, which relates to the stakeholders' value should be concerned in management (Freeman et al., 2004). Mainly, Friedman emphasizes the directors who affect corporate activity and policy (A. L. Friedman & Miles, 2002). Particularly, M. Friedman, (2007) shows that directors must do their distinct social responsibility in their capacity and take a social interest. So, the information disclosure about company activities, such as CSR and financial performance, concerns stakeholders.

### **Hypotheses Development**

The world is concerned about the way companies practice corporate social responsibility (CSR) because economic activities, which each company exercises, affect society and the environment (Relaiza et al., 2023). The CSR have been implemented provide information to shareholders that can be used to assess the firm's future survival (Riyadh et al., 2022). Alshehhi et al., (2018) proves that using different research methodologies, collected variables, and different industry and corporation governance characteristics on board of directors leads to significant sustainability impacts on firm financial performance. The better CSR is applied in a company, the more investors take returns from investment (Xu et al., 2015). Also, CSR has a positive effect on financial performance in the short term and long term (Cho

et al., 2019). In addition, CSR disclosure level affects financial performance which is the return on assets in a positive light impact by (Hang & Ngoc, 2018). Although the influence is not strong enough, it also helps to set up companies' strategy especially in investing activities of companies and CSR. Some studies research also support the impacts between CSR and financial performances (Cho et al., 2019; Inyang et al., 2023; Khanh & Tuan, 2018; Nguyen et al., 2015; Salehi et al., 2018; Sial et al., 2018). They confirm that CRS, especially environment, creates a positive relationship to firm value and maintains a good corporate reputation (Agyemang & Ansong, 2017). However, Le & Van Le, (2019) study shows that leverage has a negative and significant correlation to environmental disclosure. It means that the company spends a lot of money, but environmental disclosure is low level. Lin et al., (2020) show no CSR influence on financial performance. Applying ROE measurement, Le Doan Minh Duc et al., (2018) claims no significant relation between the CSR and financial performance. It means that the company discloses corporate social responsibility does not increase investors' profit, or even CSR harms firm performance (Dhaliwal et al., 2014). However, Dewi, (2013) shows that CSR has a positive and significant relationship with the financial performance measures under ROE ratio.

*H1: CSR affects the financial performance of listed manufacturing companies on HOSE.*

According to Agency theory, board size related to organizational effectiveness (Lipton & Lorsch, 1992). When the Board of Directors has a large scale, it will create advantages in improving the efficiency of departments and providing support and advice, reducing the concentration of power of managers. From a legitimation view, larger boards are associated with greater diversity in stakeholder representation, enhancing corporate reputation and image (Ntim & Soobaroyen, 2013). Additionally, larger boards are associated with higher managerial monitoring, which can improve efficiency and financial performance for shareholders by ensuring conformance to corporate regulations and norms.

*H2: Board size has a positive effect on the financial performance of listed manufacturing companies on HOSE.*

According to Ntim & Soobaroyen, (2013), boards of diverse gender and ethnic backgrounds can help improve efficiency by connecting a firm to its external environment and attracting resources and enhancing corporate legitimacy. Similarly, boards of diverse ethnic and gender origins can increase board independence and decision-making, improving efficiency by enhancing managerial monitoring and performance. Female directors and managers also understand the customers and markets better than males, which leads to improvement in

financial performance, so Sial et al., (2018) the direct link between boardroom gender diversity and firm performance. Some research supports a positive effect of gender diversity under woman's roles in the Board of directors (Ali et al., 2020; Simo Kengne, 2016). However, Lim et al., (2019) proves women don't affect company performance. This leads to conflicts in the board of directors or loss of communication between directors and managers based on Malaysia's research areas.

*H3: Board gender diversity affects the financial performance of listed manufacturing companies on HOSE.*

Yahaya, (2018) implies that foreign ownership is not a factor determining the ROA and ROE of deposit money banks. It is variably a determinant of the profitability of deposit money banks in Nigeria. In addition, foreigner directors have a positive, negative or no effect on firm performance depending on the firm's sector. (Joenoos & Rokhim, 2019) also approves there is a negative relationship between board foreigner and ROE. However, Peck-Ling et al., (2016) shows that a high degree of foreign ownership increases a firm's ROE significantly.

*H4: Board foreigner diversity affects the financial performance of listed manufacturing companies on HOSE.*

Research by Lefort & Urzúa, (2008) finds that the more in proportion of board independence the more firm's value is affected. Besides, Liu et al., (2015) find that the positive relationship between board independent members and firm performance is stronger. In contrast, Mohapatra, (2016) show no impact between board independent members and firm performance.

*H5: Board independence affects the financial performance of listed manufacturing companies on HOSE.*

Dual board is considered an important corporate governance mechanism because of the sensitive relationship between the agent and principle (Krause et al., 2014). Williamson, (2007) suggests that there is a separation between roles of CEO and the chairman of the board of directors for shareholder rights' protection. In contrast, Gill & Mathur, (2011) argue that the person taking two roles helps maximize the value of organizational goals and create better performance.

*H6: Dual board affects the financial performance of listed manufacturing companies on HOSE.*

Shleifer & Vishny, (1986) claim ownership concentration is expected to have a positive and significant impact on the firm's performance. It means that the large shareholders take

rights to efficiently ensure the firm's performance. So, Zeitun, (2014) also agrees that ownership concentration has a positive and significant impact on the firm's performance.

*H7: Ownership concentration has a positive effect on the financial performance of listed manufacturing companies on HOSE.*

Zeitun, (2014) government ownership provides better protection and more opportunities to make profit. Interestingly, government ownership does not significantly affect the firm's performance ROE. This can be explained by the fact that government entities tend to focus on social benefit rather than profit and bureaucratic controls in those entities affect firms' profitability negatively.

*H8: Government ownership has a negative effect on the financial performance of listed manufacturing companies on HOSE.*

## **RESEARCH METHOD**

### **Samples**

The author chooses 50 listed companies in the manufacturing industry in HOSE from 2016 to 2020. The number of observations is 250 (50 x 5). Data for analysis are taken from financial statements, annual reports, and the FiinPro database.

### **Proposed Model**

In the research, the author uses the scoring method disclosure index method to determine the degree of CSR base on companies' reports (sustainable report and annual report), similar to the previous studies (Blasi et al., 2018; Cho et al., 2019; Dewi, 2013; Dhaliwal et al., 2014; Khanh & Tuan, 2018; Le Doan Minh Duc et al., 2018; Nguyen et al., 2015). It scores the CSR item of disclosed information as 1, the item of unpublished information as 0.

Using appropriate measures to evaluate the enterprise's financial performance is critical because there are many indicators to measure the enterprise's financial performance. Firer & Williams, (2003) uses ROA as a measure of financial performance. Besides, the study of Hu & Izumida, (2008) showed that the profitability ratios commonly used in the research include return on total assets (ROA) and return on equity (ROE). ROA and ROE are the financial ratio which is chosen in almost all research. Especially, ROE is an internal performance measure of shareholder value and directly measures the net return of shareholders' investment. Besides, ROE is calculated the accounting documents that are disclosed on annual reports, so the ratio can compare with last periods. Besides, the research rarely focuses on the CSR impact on ROE,

especially in the Vietnamese context. So, in this study, the author use ROE to evaluate the financial performance of companies listed on the Vietnamese stock market.

Concerning the interest of shareholders and other stakeholders, it is one of an important board of directors' task. So, in this research, the author set up two aspects: one is the characteristics of board directors and ownership. The board directors' characteristics include board size, board gender diversity, board foreigner, independence of board of directors, dual board, and ownership, such as government ownership and ownership concentration.

$$\text{Firm performance}_{it} = \alpha_0 + \alpha_1 \text{csr} + \sum \alpha_k \text{BOD}_{characteristics_{it}} + \varepsilon \quad [1]$$

Based on the literature review, model 1 is specified as follows.

$$\text{roe}_{it} = \alpha_0 + \alpha_1 \text{csr}_{it} + \alpha_2 \text{bsize}_{it} + \alpha_3 \text{bgen}_{it} + \alpha_4 \text{bfro}_{it} + \alpha_5 \text{bind}_{it} + \alpha_6 \text{bdual}_{it} + \alpha_7 \text{owncon}_{it} + \alpha_8 \text{gown}_{it} + \varepsilon \quad [2]$$

All details about variables are described in table 1.

Table 1. Variables on the research

Variables	Name	Measurements	Source
<b>Dependent</b>			
roe	Return on Equity	Net income after tax over average total stockholders' equity	Zeitun (2014), Le Doan Minh Duc et al. (2018), Dhaliwal, Tsang & Yang (2014), Dewi (2013)
<b>Independent</b>			
csr	Corporate social responsibility	Dichotomous variable that takes the value of 1 if the firm holds a label issued by the sustainable report/ annual report, and 0 if it is not labelled following on GRI standard	Cho et al., (2019), Blasi et al., (2018) Khanh & Tuan (2018), Nguyen et al. (2015); Duc, Thuy, Yen, & Tien (2018), Dhaliwal, Tsang & Yang (2014), Dewi (2013).
bsize	Board size	Percentage of members on the Board of Directors	Ntim & Soobaroyen, (2013)
bgen	Board gender diversity	Percentage of female director members on board members	Ntim & Soobaroyen, (2013) , Ali, et al. (2020) Kengne, (2016). Lim K. P., Lye, Yuen, & Teoh (2019), Sial, et al. (2018)
bfro	Foreign Ownership	Percentage of shares owned by foreign shareholders over the total number of shares issued by the company	Yahaya (2018), Joenoes, & Rokhim (2019), Peck-Ling, Nai-Chiek & Chee-Seong (2016)
bind	Board independence	Percentage of independent members of the Board of Directors	Lefort & Urzúa (2008), Liu et al. (2015), Bhagat & Black (2001), Mohapatra (2016)
bdual	Dual board	is a dummy variable, which equals 1 if the CEO is also the chairman of the board of directors, and 0 otherwise	Krause et al. (2014), Gill & Mathur (2011)



owncon	Ownership concentration	the proportion of shares owned by shareholders who hold at least 5 per cent of shares outstanding	Zeitun (2014)
gown	Government ownership	the proportion of shares owned by government	Zeitun (2014)

Source: Prepared by the authors (2023)

## Methodology

This study uses panel data that has been regressed using four methods: pooled OLS, FEM, REM, and FGLS, all of which are implemented in Stata 20. A model with constant coefficients, such as the pooled regression model, includes both intercepts and slopes. At the same time, the fixed-effect model captures differences in the regression model's constant and intercept terms that vary across cross-sectional units. In this model, the intercept term represents the fixed firm effect. To determine which is the most appropriate regression method, the F test must be used (if the p-value of the FEM model is less than 5 per cent, the FEM model is selected).

The Hausman test is commonly used to determine whether to use a FEM or REM model (if the p-value of Hausman test is less than 5 percent, then select the FEM model). Following the appropriate model selection, tests of variance change are conducted (using the Modified Wald test for the FEM model and the Breusch-Pagan Lagrangian test for the REM model) (Wooldridge, 2002). If a model for autocorrelation and variance variation exists, the FGLS (Feasible Generalized Least Squares) model used in this model can control both the autocorrelation and the heteroskedasticity phenomena.

## RESULTS AND DISCUSSIONS

In this paper, VIF is less than 4.0, hence in the model, the estimates of regression coefficients are reliable and stable (Table 2). That leads to the outcome from this table which vividly indicates the absence of multicollinearity. Multiple regression analysis reveals the relationship between several independent or explanatory variables and a dependent variable. The study has examined the effect of determinants on companies' profitability using Classical linear regression.

Table 2. VIF

Variable	VIF	1/VIF
bind	2.08	0.481
bsize	1.99	0.502
bdual	1.38	0.725
owncon	1.29	0.773
gown	1.27	0.789

bfro	1.20	0.836
bgen	1.14	0.875
csr	1.04	0.958
Mean VIF	1.42	

Source: Data from Stata

The next section shows the results of some tests such as test of serial correlation, test of heteroscedasticity, to ensure the free of defective in the model.

Table 3. Test of autocorrelation and heteroskedasticity

No.	Test	F-statistic	p-values	H <sub>0</sub>
1	Wooldridge test for autocorrelation in panel data	248.386	0.0000	Reject
2	Breusch-Pagan / Cook-Weisberg test for heteroskedasticity	8.53	0.0035	Reject

Source: Data from Stata

Regarding the Wooldridge test for autocorrelation in panel data, the p-value is smaller than 5%, and thus, we have enough evidence to reject H<sub>0</sub>: “There is no autocorrelation”. It means the model contains a serial correlation problem. Furthermore, the p-value of variance change test (Breusch-Pagan/ Cook-Weisberg test) has a value smaller than 5%, and thus, H<sub>0</sub>: “Residuals with variance unchanged” has sufficient evidence to be rejected. Therefore, the heteroskedasticity phenomenon exists in the model.

Multiple regression analysis reveals the relationship between several independent or explanatory variables and a dependent variable. The study has examined the effect of determinants on companies' profitability using Classical linear regression. The authors will perform regression methods sequentially pooled OLS, FEM, and REM, and corresponding tests such as the F-test, Hausman test, and Breusch and Pagan Test to the suitable model. However, heteroskedasticity still exists in the model, hence Feasible Generalized Least Square Methods (FGLS) is used to overcome the defective issues in the model.

Table 4. Regression Results (OLS, FEM, REM, FGLS)

Model	OLS	FEM	REM	FGLS
	roe	roe	roe	roe
	-0.062***	-0.044***	-0.058***	-0.069***
csr	[-3.73]	[-4.33]	[-4.31]	[-3.79]
	0.135	0.309	0.199	0.135
bsize	[1.09]	[1.46]	[1.28]	[1.11]
	-0.293**	0.0167	-0.126	-0.293**
bgen	[-2.08]	[0.07]	[-0.74]	[-2.12]
	-0.0842	-0.0196	-0.0971	-0.0842
bfro	[-0.54]	[-0.07]	[-0.49]	[-0.55]
	-0.107	-0.129	-0.102	-0.107
bind	[-0.80]	[-0.65]	[-0.67]	[-0.81]
	0.051	-0.881*	-0.487	0.051
bdual	[0.13]	[-1.91]	[-1.23]	[0.14]

	2.794***	3.715**	2.965***	2.794***
owncon	[3.97]	[2.34]	[3.07]	[4.04]
	-1.076**	0.00701	-0.913	-1.076**
gown	[-2.17]	[0.01]	[-1.40]	[-2.21]
	-0.547	-2.288*	-1.099	-0.547
_cons	[-0.69]	[-1.73]	[-1.16]	[-0.70]
N	250	250	250	250
R-sq	0.119	0.138		
t statistics in brackets				
* p<0.1, ** p<0.05, *** p<0.01				

Source: Prepared by the authors (2023)

Table 4 shows the results of all methods used to investigate the factors affecting the firm performance of manufacturing firms listed in Vietnam. As mentioned above, the FGLS is an appropriate method for obtaining reliable and unbiased results in small samples. The findings show four statistically significant factors that affect firm performance: corporate social responsibility, board gender diversity, ownership concentration, and government ownership at 5%. All factors have an inverse relationship to firm performance, except for the ownership concentration factor.

The result shows that there are four factors: corporate social responsibility, board gender diversity, ownership concentration, and government ownership that have a significant level of less than 5% impact on the firm's performance.

First, corporate social responsibility harms firm performance, which is consistent with the results of Dhaliwal, Tsang & Yang (2014). This shows that CSR does not promote return on equity or improve the benefit of investors.

Second, board gender diversity has a negative effect, the results are consistent with the study of Lim, Lye, Yuen, & Teoh (2019). It means that almost the members on the board of directors are male at listed companies in Vietnam because there is a perception that female's work performance is not as good as male's.

Third, ownership concentration has a positive effect on roe, which is consistent with the research of Zeitun's study (2014). This shows the owner who takes over 5 percentage shares outstanding, they focus on the company operation that can maximize their returns.

Finally, government ownership has a negative effect on roe, which is consistent with the research of Zeitun's study (2014). The state encourages the reform of state-owned enterprises after state-owned enterprises were inefficient. Therefore, the reform processes decrease government ownership, help businesses operate more efficiently and reduce the state budget.

Based on the research results, the author determines that the financial performance of the listed companies in the manufacturing industry must consider corporate social responsibility. The government issued Circular 155, although most companies just represent follow the requirement that lack of substance over form. This shows that businesses only focus on temporary activities such as charity activities to promote their image and increase costs to create tax shields. Instead of focusing on implementation corporate social responsibility activities, they help businesses develop sustainably and bring benefits to investors and other stakeholders.

The research results show the negative effect of CSR on the financial performance of listed manufacturing firms on HOSE in Vietnam. Vietnamese firms ignore corporate social responsibility's significance and effects on firms' value; thus, investors' benefits cannot be obtained. Besides, the perception of Vietnamese firms, especially private enterprises, towards the role of social responsibility needs to be stronger to improve their performance.

One of these research limitations is the relatively short period and just choosing to manufacture industry, so the research still does not express an entire data in various industries. Besides, there is a lacking some control variables such as internal variables, macroeconomic variables, and COVID-19 on business.

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