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The Roles of Foreign Ownership and Growth Opportunity amid the Trade War: Evidence from an Emerging Country

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Abstract

In recent years investors tend to divert their investment to emerging economies in the Association of Southeast Asian Nations (ASEAN), especially during the U.S.-China trade war. The present study adopts the Weighted Least Square (WLS) and PROCESS macro tool to examine the effects of foreign ownership and growth opportunity on financial performance of Vietnamese listed firms over the period 2011-2018. Our findings show that foreign ownership plays as moderator variable in the relationship between short-term and long-term performance of firms. Empirical results also reveal that mediating effects of growth opportunity on short-term and long-term performance are different before and after the trade war. These findings have important implications for investors and managers in the ASEAN countries.

Keywords: firm performance; foreign ownership; growth opportunity; trade war

Introduction

Until recently, investors incline to enter emerging ASEAN countries because of their rapid economic growth. With the current gross domestic product (GDP) reach US$ 2.8 trillion in 2017; ASEAN becomes the 5th largest economy in the world and the 3rd largest in Asia (ASEAN Secretariat, 2018). The latest statistics from Association of Southeast Asian Nation shows that flows of foreign ownership in ASEAN increase by 28 percent from US$120,966 billion in 2013 to US$154,713 billion in 2018 (Table I). According to ASEAN Investment Report 2018, the prospects of investment flows in ASEAN are likely to continually increase in the future. In addition, multinational enterprises (MNEs) from the United States, Japan and Europe plan to increase their investments in ASEAN. Approximately 94 percent of European businesses plan to expand or maintain their current level activities and 86 percent expected level of trade and investment in ASEAN will accrete in the next five years.

The US-China trade war began in March 2018 when the U.S President Donald Trump announced enforces tariffs on Chinese products to prevent unfair trade from China. This trade war creates turmoil for most countries, affecting their GDP, employment, and welfare and trade (Li, He and Lin, 2018). In particular, it has caused a dramatic change in foreign investment decisions. The escalating trade war could bring benefit to emerging markets in ASEAN due to trade diversion. Moeller (2018) recognizes that the trade war may shift the assembly of goods from China to Southeast Asian countries, helping countries of Southeast Asia to become component suppliers and increase the added value of their products. The change-of-shift makes many ASEAN markets gradually to be the destination for potential investors.

Erdal and Gocer (2014) and Mamun and Sohag (2015) assert foreign direct investment (FDI) is one of the main driving force in accelerating economic development and growth in ASEAN economies. The increase of foreign investment in the global economy leads to rapid changes in economic development of emerging countries. Previous studies (Aydin, Sayim and Yalaman, 2007; Bilyk, 2009; Gurbuz and Aybars, 2010) have ascertained the positively relationship between foreign ownership and firm performance by empirical results. However, Konings (2001) and Mihai (2012) find that there is no relationship between these two factors. Phong, Phu and Yen (2018) report the negative effect of foreign ownership on the performance of listed firms on Vietnam's stock market over the period 2009-2015.

Table I: Flows of inward Foreign Direct Investment in Vietnam and ASEAN

Host country	2013	2014	2015	2016	2017	2018
Vietnam	8,900	9,200	11,800	12,600	14,100	15,500
ASEAN	120,966	130,115	118,667	118,959	146,902	154,713

(Unit: US$ million, Source: ASEANStatsDataPortal)

Facing the decision to invest in emerging markets, investors are concerned about the growth opportunity of firms. Holtz and Neto (2013) and Vo (2014) investigate the market growth expectation of stocks or growth

opportunity of firms through the measure of market-to-book-value. High growth opportunity attracts foreign investors to manage their capital with higher profit and less risk. Hutchinson and Zain (2009), Hatem (2014) and Abdullah, Ali and Haron (2017) affirm the positive impact of growth opportunity on firm performance.

Studies on the relationship of foreign ownership, growth opportunity and firm performance are diversified. Moreover, there are no studies of examining the mediating and moderating effects among these factors, especially in the ASEAN countries amid the U.S.-China trade war. Therefore, this study aims to fill this gap by examining more aspects of this relationship. In Vietnam, according to the General Statistics Office - Ministry of Planning and Investment (MPI), foreign direct investment in the first 6 months of 2019 was estimated at US$ 9 billion, up by 8 percent over the same period in 2018. As we can see in Table I, Vietnam is a country in ASEAN with a steady increase in foreign investment over years. Additionally, according to U.S. Census Bureau, China General Administration of Customs and Japanese investment bank Nomura, due to trade diversion, Vietnam is estimated to be the largest beneficiary country with gross domestic product (GDP) gain 7.9% by rising exports to both the U.S and China in 2019. Besides, the trend of moving supply chains from China to Vietnam will create more jobs, increase government budget, and promote strongly Vietnam's economic growth. Therefore, this research selects a sample of listed firms in Vietnam to analyze the roles of foreign ownership and growth opportunity amid the U.S.-China trade war.

Data is collected from 2011 to 2018 to test the moderating and mediating effects among foreign ownership, growth opportunity and firm performance in Vietnam before and after the U.S.-China trade war. Empirical results demonstrate the intermediate linkage of growth opportunity as well as the moderator role of foreign ownership in the short-term and long-term performance relationship of firms. Accordingly, our findings would help investors and managers with deeper understandings and better decision-makings on investing the ASEAN markets.

The remainder of the paper as follows. The next section discusses relevant literature to develop research hypotheses. Section 3 explains the data and methods employed for the study. Empirical results are presented and discussed in section 4. In section 5, the conclusions and suggestions for future research are offered.

I. Literature review and developed hypotheses

A. Short-term performance and long-term performance

Firm performance is actually an economic indicator which is aggregated to reflect the level of using elements of the production process. It also demonstrates the skillful application of business managers between theory and practice to maximize the elements of production processes such as machine, equipment, materials, and personnel public to improve profits. Investors look for an investment case that brings the highest profit or good performance.

The operational efficiency of firms depends heavily on surrounding environmental conditions. Meanwhile, the business environment has become increasingly chaotic and unpredictable (Coopers and Lybrand, 1997). Accordingly, it is understandable that O'Regan and Ghobadian (2004) pointed out while chief executives have great emphasis on problems in short-term, investors are more interested in long-term. Therefore, it is important that we can improve the drivers of both performance types.

Due to the importance of explaining firm performance, a great deal of researches in this area focuses on discovering various issues related to firm performance and use different approaches to measure it. Jose, Nichols and Stevens (1986), Wernerfelt and Montgomery (1988) conducted Tobin's Q as performance measurement. This ratio has linkage with firm's future operating performance (Fu, Singhal and Parkash, 2016). So, Tobin'Q can be used as long-term performance (Callahan, Millar and Schuman, 2003; Nakano and Nguyen, 2013). Return on equity (ROE) is also a proxy to show performance as firm's profit (Kunanoppadpl and Pariwatnanont, 2012). Copeland, Koller and Murrin (1996) agrees that ROE can use to measure short-run performance but firms may lose long-term growth opportunity if pay much attention on it. In fact, ROE represents a lot of financial meanings but this study chooses ROE as short-term performance owning to the most popular indicator to measure firm performance (Wet and Toit, 2007). Kunanoppadpl and Pariwatnanont (2012) assert the empirical results that return on equity and Tobin's Q relationship is significant. According to this, ROE is represented as firm performance related Tobin's Q – an expectation of investors in long-term. Being aware of the relationship between these types of performance at two different points will help firms more proactive in controlling the business situations. Although firm performance literature review worldwide is really diverse, but there are no researches shows clearly factors impact to short-term performance and long-term performance relationship in emerging countries in ASEAN, especially in Vietnam – a country belongs to lower-middle income rank recently (Vuong, 2019).

B. Growth opportunity

As Jensen and Meckling (1976) and Myers (1977) argue that managers have greater incentive to invest growth opportunity in order to maximize equity value when firms face escalating debt risks. Baber, Janakiraman and Kang (1996) and Gul (1999) find out there is a negative relationship between growth opportunity and firm performance. Hutchinson and Zain (2009) ascertain that firms with higher growth opportunity exhibit better financial performance. Hatem (2014) emphasizes the existence of growth opportunity can lead to profitable investment projects which will positively affect firm performance. Abdullah et al. (2017) posit that growth opportunity as moderator variable has a positive effect on firm value. Especially, firms would consider growth opportunity as one of key factors to redirect their investments during the period of the U.S.-China trade war. Therefore, this study attempts to examine the role of growth opportunity in mediating short-term and long-term firm performance over the trade war and proposes the following operational hypothesis.

Hypothesis 1: *Growth opportunity mediates the relationship between short-term and long-term firm performance in such a way that short-term firm performance has a positive effect on growth opportunity, in turn, has a positive impact on long-term firm performance.*

C. Foreign ownership

Foreign ownership is defined as the control of a business by individuals who are not citizens or by organizations are located outside a country. The impact of shifts in foreign investment on firm performance needs to be examined carefully in emerging countries. Morgan Stanley Capital International (MSCI) states that the barrier for Vietnam in improving the ranking market is the limit on foreign ownership. Therefore, policy makers in Vietnam closely observe the effect of increasing foreign ownership on firm performance as policies change.

The effect of foreign ownership on firm performance is widely studied both in developed and developing countries. Gorthels and Ooghe (1997) conclude that listed firms with foreign ownership in Belgium have better peformance than domestic firms. Meanwhile, foreign investment do not has significant difference performance in Poturgal and Greece (Barbosa and Louri, 2005). Alan and Steven (2005) find that foreign ownership is positively related to firm performance in UK from 1984 to 1995. Yavas and Erdogan (2016) emphasize that foreign ownership improves firm's profitability to a certain amount. However, foreign ownership after the threshold begins to deteriorate firm performance in Turkey. Khawar (2003) and Douma, Grorge and Kabir (2003) confirm foreign captital bring greater performance for firms in Mexico and Indian. Phong et al. (2018) show the foreign ownership in Vietnam does not enhance performance of listed firms over the period 2009-2015.

As the flows of foreign ownership dramatically increase in Vietnam and other ASEAN countries during the U.S-China trade war, it is interesting to re-examine the effect of foreign ownership on firm performance. Although previous studies have examined the effect of foreign investment on firm performance, there is no study exploring the impact of foreign investment on the relationship of short-term and long-term performance during the trade war. Therefore, this research proposes the following hypothesis on the moderating role of foreign ownership in the relationship of short-term and long-term performance.

Hypothesis 2: *Foreign ownership moderates the positive relation between short-term and long-term firm performance.*

II. Data and research methods

This study collects the data of all variables from the Thomson Reuters Datastream database for listed firms in Vietnam over the period 2011-2018. The sample consists of 1,468 firm-year observations from 2011 to 2018.

We winsorize the sample and adopt the Weighted Least Squares (WLS) method to analyze the data in considering the problem of heteroscedasticity. For testing mediating effect, this study utilizes a three-step regression analysis processs. To test the moderating effect, at first we use regress method, then continously apply PROCESS macro tool and mean center (Aiken and West, 1991; Cohen, Cohen, West and Aiken, 2003) for construction of products to confirm the results. Mean center is priority in multiplication regression because of the estimation of multicallinearity. Although it is not a requirement when running moderated multiple regression, it can help to explain regression parameters easier (Hayes, 2018).

We follow previous research to measure variables studied in this study. Tobin's Q represents long-term performance which is measured by year-end value of market capitalization/book value of total assets. Callahan et al. (2003) use Tobin's Q as long-term performance to analyze the effect of management participation in director selection on firm performance over the period 1989-1992. Nakano and Nguyen (2013) measured Tobin's Q as long-run performance to test the relationship between foreign investment and performance of electronics industry in Japan. Short-term performance of firms measures as return on equity (ROE) which is

calculated by the result of net income over total equity (Copeland et al., 1996; Gavetti, Greve, Levinthal and Ocasio, 2012). The market-to-book-value (MTBV) are used as the proxy for growth opportunity which is the market value of the equity divided by its book value (Holtz and Neto, 2013; Vo, 2014). This study obtains foreign ownership (FO) data in Datastream which is the percentage of strategic share holdings of 5 percent or more held in a country outside that of the issuer.

Control variables of models include firm size, listed age and leverage. Firm size (SIZE) is computed by the natural logarithm of the total assets. Firm size determines the financial efficiency of firms and is regarded as one of the key factors affecting firm value (Alonso, Iturriaga and Sanz, 2005). We measure the firm size as the logarithm of firm's assets (Alonso et al., 2005; Martin-Reyna and Durán-Encalada, 2012; Sulong, Gardner, Hussin, Sanusi, and McGowan, 2013). Brian, Philip, Kwaku, and Isabelle (2014) show that managers - owner relationship in large firms would provide negative effect on firm performance. However, Leng (2004) argues larger firms are expected to have higher profits due to the economies of scale and produce better firm performance. Listed age (AGE) is measured by the natural logarithm of the number of years between the observation year and the firm's year of listing. The higher listed age of firms, the more experienced in resolving capital and, consequently, firm performance will be improved. Imam and Malik (2007) also imply that listed age is significant to firm performance. Leverage (LEV) is the ratio of the total debts to its total assets. Leverage could prevent managers from engaging in low profit investments (Jensen and Meckling, 1976). Leverage is one of mechanisms of corporate governance which could improve firm performance.

III. Empirical results

Descriptive statistics for the model variables are presented in Table II. After Winsorization, the sample consists of 1,468 observations from 2011 to 2018.

Table II: Descriptive statistics for 2011-2018 period

Variable	Mean	Std.Dev	Min	Median	Max
Tobin's Q	0.763	0.329	0.309	0.705	1.608
ROE	0.137	0.098	0.000	0.123	0.350
MTBV	1.073	0.666	0.350	0.870	2.850
FO	0.033	0.073	0.000	0.000	0.260
SIZE	4.716	0.595	3.746	4.659	5.919
AGE	0.751	0.207	0.301	0.778	1.041
LEV	0.276	0.186	0.000	0.275	0.589

Number of obs: 1,468 observations

To show a comprehensive overview about the markedly change due to the confrontation between the U.S and China, this study uses t-test results. It is easy to explain why long-term performance in 2018 has no difference compare to 2011-2017 period because it has been less one year since the trade war began. Instead of that, we can immediately see the difference in short-term performance. In 2018, firms were still embarrassing to deal with the suddenly outbreak of the trade war, so the short-term performance after the trade war (mean = 0.122) is slightly lower than before the trade war (mean = 0.139). In the other side, growth oppotunity in 2018 (mean = 1.192) is higher than before the trade war (mean = 1.058). This is suitable with Ease of Doing Business Report (World Bank, 2017), Vietnam's rank is higher than China because China regulates more investment restrictions three times than Vietnam in nine fields (including manufacturing). In addition, Vietnam is still a destination to attract foreign investment by its stable political situation and cheap wages. Vietnam approved Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and is implementing the EU-Vietnam (EVFTA), which allows a lot of FDI captial enter with lower tariff structures. This also makes growth rate of foreign investment in Vietnam amid the trade war by some industries tend to increase (e.g: Basic Materials, Technology, Utilities).

To test the mediating effect of growth opportunity amid the trade war, this research conduct regression analysis with 6 models (Table III). The values of variance inflation factor (VIF) for models are smaller than 10 (Hair, Anderson, Tatham and Black, 1995) which mean that multicollinearity would not be of concern. Model 1, 2, and 5 present the mediating effect for the period of 2011-2017 and model 3, 4, and 6 are for testing the mediating effect in 2018. Model 1 and 3 show the result that short-term performance is positively related to long-term performance. After we add the market-to-book-value variable into model 2 and 4, short-term performance has positive effect on long-term performance in 2018 but is insignificantly positive related with long-term performance during the period 2011-2017. In model 5 and 6, this research tests effect of positive relationship between short-term performance and growth opportunity. These results indicate that growth opportunity mediates the linkage between short-term and long-term performance in 2018. The mediating results support Hypothesis 1 for the period after the trade war, not for before the trade war period. This effect after the trade

war is consistent with Abdullah et al. (2017) who demonstrate growth opportunity promotes business performance.

Table III: Test for mediating effect in the 2011-2017 period and 2018

Variables	Tobin's Q				MTBV	
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Firm size (SIZE)	0.067***	-0.018**	-0.040	-0.072**	-0.400***	0.418**
Firm age (AGE)	0.103**	0.029+	-0.102	0.303	2.663***	-1.181
Leverage (LEV)	0.294***	0.489***	0.601***	0.566***	-0.386*	-0.120**
Return on equity (ROE)	1.413***	-0.027	1.085***	0.184*	-2.475***	1.917**
Market-to-book-value (MTBV)		0.473***		0.370***		
R Square	0.257	0.787	0.238	0.716	0.306	0.151
Adjusted R Square	0.254	0.787	0.218	0.707	0.303	0.128
Prob > F	0.000***	0.000***	0.000***	0.000***	0.000***	0.000***

+ p < .1; * p < .05; ** p < .01; *** p < .001

Table IV tests the interaction terms of foreign ownership and short-term performance on long-term performance by using four regression models. As the presented results in model 2, interaction term ROE*FO is not significantly related with Tobin's Q means that foreign ownership does not affect relationship between short-term and long-term performance before the trade war. After the trade war (model 3 and 4), foreign ownership is not significantly related with Tobin's Q. However, the interaction term ROE*FO has significantly positive effect on Tobin's Q and adjusted R-square increase from 21 percent to 26 percent. Therefore, Hypothesis 2 is supported in 2018, but not supported for the period before the trade war. The findings imply that foreign ownership helps the listed firms in Vietnam in improving the positive relation between short term and long term perform after the trade war.

To confirm the moderating effect results, we us PROCESS macro tool to re-examine the moderating role of foreign ownership and the results are presented in Table V to Table VII and figure 1 and 2. Table V contains the results for the interaction term effect in the 2011-2017 period and 2018. The R-square change before the trade war is 0.01 which indicates the interaction term effect accounted for 1 percent added variation in long-term performance. R-square change in 2018 is 0.03 means that foreign ownership makes 3 percent different effect on the relationship between short-term and long-term performance. In summary, foreign ownership has stronger moderation effect on the relationship between short-term and long-term performance after the trade war.

Table IV: Test for moderating effect in the 2011-2017 period and 2018

Variables	2011-2017		2018	
	Model 1	Model 2	Model 3	Model 4
Firm size (FSIZE)	0.067***	0.066***	-0.044	-0.035
Firm age (FAGE)	0.100**	0.122**	-0.108	0.170
Leverage (LEV)	0.299***	0.320***	0.603***	0.481**
Return on equity (ROE)	1.435***	1.415***	1.075***	1.021***
Foreign ownership (FO)	0.188+	0.034	0.129	-1.116**
ROE*FO		2.268		10.859**
R Square	0.265	0.310	0.237	0.293
Adjusted R Square	0.262	0.307	0.212	0.265
Prob > F	0.000***	0.000***	0.000***	0.000***

Dependent variable: TobinQ; + p < .1; * p < .05; ** p < .01; *** p < .001

Table V: Test of highest order unconditional interaction in the 2011-2017 period and 2018

Interaction term	Year	R2-change	F	df1	df2	p
X*W	2011 - 2017	0.01	16.643	1.000	1302.000	0.000
	2018	0.03	6.705	1.000	158.000	0.010

Focal predict: ROE (X) Moderator variable: FO (W)

Since the interaction term is statistically significant, we attempt to probe the interaction to gain better interpretation of the moderating role of foreign ownership in the relationship between short-term and long-term performance. Table VI presents the tests of simple slopes and shows the relationship between short term and long-term performance at three levels of foreign ownership before the trade war. At -1sd (-0.033 represent low foreign ownership), the relationship between short-term and long-term performance is positive and significant (coeff. = 1.261, p = 0.000). At the mean (0.000 represent medium foreign ownership), the relationship is positive and significant (coeff. = 1.416, p = 0.000). Finally, at +1sd (0.073 represent high foreign ownership) of the centered foreign ownership, the relationship is positive and still significant (coeff. = 1.761, p = 0.000). Table VII is the results for testing the simple slopes after the trade war.

Table VI: Conditional effects of the predictor at values of the moderator in the 2011-2017 periods

FO	effect	se	t	p	LLCI	ULCI
-0.033	1.261	0.087	14.532	0.000	1.091	1.413
0.000	1.416	0.080	17.796	0.000	1.260	1.572
0.073	1.761	0.118	14.862	0.000	1.529	1.994

Table VII: Conditional effects of the predictor at values of the moderator in 2018

FO	effect	se	t	p	LLCI	ULCI
-0.040	1.217	0.243	5.001	0.000	0.736	1.697
0.000	1.694	0.256	6.625	0.000	1.189	2.199
0.078	2.640	0.528	5.002	0.000	1.598	3.683

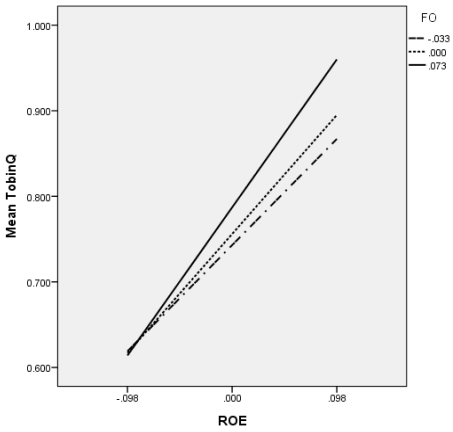

Figure 1: The effect of interaction term between foreign ownership and short-term performance on long-term performance in the 2011-2017 period

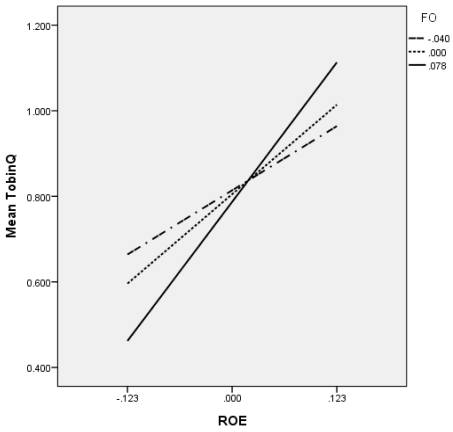

Figure 2: The effect of interaction term between foreign ownership and short-term performance on long-term performance in 2018

Figure 1 is the plot of the conditional means on long-term performance at each combination of short-term performance and the moderator as the results on Table VI. It shows that relationship is more strongly positive at +1sd when foreign ownership higher. Moderating effect after the U.S.-China trade war period is presented in figure 2. The figure illustrates that moderating effect is more supported with high foreign ownership ratio and much different among levels of foreign ownership. With the tests of PROCESS macro tool, Hypothesis 2 is supported during the period 2011-2018, both before and after the U.S.-China trade war.

Although the results of moderating effects are different under two methods, the PROCESS model gives much more clearly indicators about the moderating effect of foreign ownership than regression method. When using regression models, foreign ownership is not as moderator variable on short-term performance and long-term performance relationship from 2011 to 2017, but results from PROCESS shows the moderating effect of foreign investment in that period. In both methods, the moderating effect after the trade war is stronger than before the trade war. Our findings are consistent with previous studies (Gorthels and Ooghe, 1997; Khawar, 2003; Douma et al., 2003; Alan and Steven, 2005; Yavas and Erdogan, 2016) on the role of foreign investment in firm performance. Our findings provide useful information for emerging countries on attracting foreign investors after the trade war.

IV. Robustness analysis

As discussed above, we can see the role of foreign investment and growth opportunity on firm performance amid the U.S-China trade war in Vietnam. In robustness check, we measure short-term performance variable as return on assets (ROA) instead of ROE to examine the mediating and moderaring effect again. As a result, growth opportunity is mediator factor amid the trade war and foriegn ownership has moderating effect on short-term performance and long-term performance with higher influence in 2018.

As the trade war drags on, it will confer more inflow of foreign ownership and more growth opportunity to ASEAN potential countries. We furthur test to make sure our results is still correctly by industries. Growth opportunity in industrials firms have positive affect to firm performance and it is remarkable factor for affecting business performance after the trade war in non-industrials firms. In Top 5 sectors with highest foreign investment in 2018 (including Consumer Discretionary, Consumer Staples, Financials, Industrials, Utilities), foreign ownership has both significantly moderating effect on short-run performance and long-run performance relationship amid the U.S.-China trade war. Consequently, the role of foreign ownership is not only confirmed in firms belong to Industrials sector but also in non-industrials firms.

V. Conclusion and suggestions

The main goal of this research is to test the role of foreign investment and growth opportunity on short-term and long-term performance relationship before and after the U.S.-China trade war. This study proposes the mediating and moderating effects among foreign ownership, growth opportunity and firm performance in Vietnam - an emerging market in ASEAN. Furthermore, this research has filled the gap of literature on the issue of business efficiency in short-term and long-term performance through capacity development and foreign investment, especially during the U.S.-China trade war.

Our findings show that the mediating and moderating effects are different before and after the trade war. Regarding the mediating effect, the impact of growth opportunity on the relationship between short-term and long-term performance before the trade war is slightly larger than after the trade war. Therefore, the existence of growth opportunity still has an impact on the short-term and long-term firm performance amid the trade war. When the war trade tensions erupted, the shift of investment decisions is inevitable to avoid the influence of risk as well as the change of economic policies. For that reason, the effect of foreign investment after the trade war is vastly different than before the trade war. ASEAN has benefited greatly from the diversion of investments due to the U.S.-China trade war since firms are seeking to change their supply chain strategies and relocate their manufacturing facilities from China. Many multinational firms are planning new investments and adopt the "China +1" strategy to diversify and reduce their vulnerability to any trade tensions. Vietnam as well as ASEAN is a popular "+1" destination.

Empirical results of this study will add to the knowledge related to foreign ownership-growth opportunity-firm performance relationship in emerging countries. Our findings offer managers in the aspects of considering the efficiency of business in the short-term or the long term. It also helps firms in emerging markets on constructing their ownership structures during the trade war.

The sample firms used in this study are from Vietnam. Therefore, the findings may be valid for Vietnam and other developing countries with similar financial and political conditions. In order to capture the overall picture of emerging markets, future research could expand the sample to other ASEAN countries. Secondly, the data is taken from 2011-2018 including only one year after the start of US-China trade war. Studies in the future may use longer datasets after the trade war to re-examine these effects of the factors concerned. Lastly, this study uses a sample of listed firms in Vietnam. It is somewhat uncertain whether the conclusions we have obtained hold for private firms. Additional tests could be performed as researchers could collect the data from non-listed firms.

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