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Modern Corporate Governance - International Experiences and Practical Lessons for Vietnam

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Abstract

In the globalising economy, effective corporate governance has become a central feature of sustainable and responsible enterprise. This paper examines the contemporary frameworks of corporate governance across major jurisdictions, identifies critical success factors, compares institutional models, and draws a set of practical lessons for Vietnam. First, it reviews the concept and evolution of corporate governance. Then it analyses governance regimes in several advanced economies and emerging markets. The

focus turns to key elements: board structure and independence, shareholder rights and activism, disclosure and transparency, risk management and internal controls, and stakeholder/sustainability governance. Next, the paper synthesises cross-country lessons and articulates what might work in the Vietnamese context, with attention to local institutional and cultural conditions. Finally, it presents recommendations for policy makers, regulators, listed companies and other stakeholders in Vietnam.

Keywords: Corporate Governance, Board Independence, Shareholder Activism, Emerging Markets, Vietnam, Institutional Reform

1. Introduction

In recent decades, the concept of corporate governance has come to the fore as one of the key mechanisms by which companies are directed and controlled, thereby influencing firm performance, risk exposure, and stakeholder value creation. The term “corporate governance” broadly refers to the system of rules, practices and processes by which a company is governed, encompassing relationships among the board of directors, management, shareholders and other stakeholders. It is concerned with the objectives of the firm, allocation of rights and responsibilities among participants, and the procedures for decision-making and performance monitoring.

Worldwide, macroeconomic liberalisation, the growth of capital markets, the increased mobility of international capital, and the aftermath of several high-profile governance failures (such as the collapse of Enron and WorldCom) have sharpened attention on the importance of governance reforms. For example, the seminal Cadbury Report (United Kingdom, 1992) laid the foundation for modern governance codes. As regulators and investors worldwide demand greater accountability, the corporate governance agenda covers not only shareholder interests but increasingly stakeholder, environmental, social and governance (ESG) concerns.

For Vietnam, a rapidly evolving economy, the governance of companies (especially state-owned enterprises and listed firms) remains a strategic challenge. Bridging global best practices with local institutional realities is essential for raising market confidence, enhancing foreign investment, and promoting sustainable growth. This paper aims to derive lessons from international experience which may be relevant for Vietnam’s corporate governance reform journey.

2. Conceptual Foundations of Corporate Governance

2.1 Definitions and Scope

Corporate governance is often defined as the framework of mechanisms, processes, and relations by which corporations are controlled and directed. The Organisation for Economic Co-operation and Development (OECD) defines corporate governance as a “set of relationships between a company’s management, its board, its shareholders and other stakeholders. Corporate governance also provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance.” (see OECD Principles).

From the academic perspective, governance addresses agency problems (between managers and shareholders), monitoring and control, risk management, and stakeholder alignment. It includes internal mechanisms (board, audit committee, internal controls) and external mechanisms (market for corporate control, regulation, shareholder activism).

2.2 Evolution and Drivers of Reform

Governance mechanisms have evolved significantly over time. The early emphasis was on directors' duties and audit oversight; later frameworks expanded to codes of best practice (soft law), enhanced disclosure, board independence, executive remuneration, and recently, sustainability and stakeholder governance. Comparative studies highlight institutional differences across countries. Key drivers of governance reform include:

- High-profile corporate failures (Enron, WorldCom, etc) that exposed weaknesses in oversight and controls.
- Globalisation of capital markets which exposes companies to cross-border investor scrutiny.
- Rise of institutional investors demanding better governance and transparency.
- Regulatory reforms and codes of best practice (for instance the Cadbury Report in the UK).
- Growing stakeholder expectations, including ESG concerns and sustainable value creation.
- Technological and financial innovation which changes risk profiles and governance needs.

2.3 Institutional and Cultural Context

It is well recognised that corporate governance does *not* operate in a vacuum: it is embedded in an institutional and cultural context. Models that work in one jurisdiction may not transplant easily to another without adaptation. For example, countries differ in ownership concentration, role of the state, legal systems (common law vs civil law), financial systems (bank-based vs market-based), and regulatory environments. Comparative research emphasises the significance of ownership and control structures, board systems (unitary vs dual), shareholder activism cultures, and external enforcement capacity.

In the context of Vietnam, where state-ownership remains significant, capital markets are developing, and regulatory enforcement is still consolidating, embedding global governance principles with local realities is crucial.

3. Comparative Overview of Corporate Governance Models

In this section we examine governance practice and institutional frameworks across selected advanced and emerging economies: United States, United Kingdom, Germany / continental Europe, Japan / Asia, and emerging market jurisdictions. We highlight the structural models, regulatory regimes, dominant challenges, and evolving practices.

3.1 United States

The US corporate governance environment is characterised by a market-based system: broad capital markets, dispersed ownership in many firms, strong role of institutional investors, extensive litigation and regulatory oversight, and a significant role for shareholder activism.

Board structure & independence: US companies typically have a unitary board (single board) composed of executive and independent non-executive directors. Strong emphasis has been placed on independent audit committees.

Regulatory regime: Key laws include the Sarbanes-Oxley Act (2002) which introduced stricter controls and personal liability for executives, and the Dodd-Frank Wall Street Reform and Consumer Protection Act (2010) which tightened disclosure and governance obligations. The US Securities and Exchange Commission (SEC) enforces public company reporting, and shareholder class actions are prevalent.

Shareholder activism & rights: Institutional investors and activist hedge funds play a major role in driving governance change, demanding board refreshment, return of capital, and changes in strategy. The market tends to impose a high bar for director accountability, and takeover markets serve as external monitor.

Disclosure & transparency: Public companies are required to file detailed periodic reports (10-K, 10-Q), and regulatory filings include executive compensation, related-party transactions, risk factors, etc.

Key strengths and challenges: The US model is strong in terms of investor protection, market discipline, and transparency. However, criticisms include excessive short-termism, focus on shareholder value at expense of other stakeholders, and a high cost of compliance especially for smaller firms.

3.2 United Kingdom

The UK occupies a hybrid regulatory-code-driven approach. The governance regime is often characterised by the so-called “comply or explain” model, which gives flexibility if companies either comply with a code or explain their deviation.

Governance codes: The Cadbury Report (1992) [2] and subsequent corporate governance codes set out standards for board composition, audit, remuneration committees, and disclosure. The UK Corporate Governance Code emphasises board leadership, accountability, remuneration, relations with shareholders.

Board structure: Similar to the US, the UK uses a unitary board. Non-executive directors (NEDs) play a significant role. The presence of senior independent directors is common.

Disclosure and engagement: There is strong emphasis on investor-company dialogue, shareholder voting rights, and annual reports that include governance statements. UK regulators encourage transparency, and institutional investors often engage proactively in governance.

Challenges: While the UK model is flexible and adaptable, critics argue that the “comply or explain” mechanism sometimes results in superficial compliance or weak justification of deviations. Independent director effectiveness and remuneration remain areas of concern.

3.3 Germany and Continental European Model

The continental European governance model (for example Germany) is characterised by a two-tier board structure (supervisory board and management board), more concentrated ownership, stronger role of shareholders and stakeholders (workers, unions), and codified regulation.

Dual board structure: In Germany many companies adopt

the two-tier system: a management board (Vorstand) responsible for operations, and a supervisory board (Aufsichtsrat) responsible for monitoring and appointing the management board.

Code of best practice: The Deutscher Corporate Governance Kodex (DCGK) sets out recommendations for listed companies, including transparency, independence, board composition, shareholder participation.

Ownership and stakeholder orientation: Historically, many German firms are controlled by family owners, banks, or cross-shareholdings. Co-determination provisions give employees representation on supervisory boards. This model emphasises stability, long-term orientation, and stakeholder balanced interests.

Challenges: While the model is stable, some argue that it may be less responsive to market pressures, slower in strategy adjustments, and less aggressive in shareholder value creation compared to Anglo-Saxon models.

3.4 Japan and East Asian Context

Japan represents a hybrid governance environment, historically characterised by cross-shareholdings, keiretsu networks, strong bank relationships, and limited shareholder activism. Recent reforms are seeking to strengthen governance and investor engagement.

Board and ownership structure: Many Japanese firms have significant cross-shareholdings (stable shareholders), long-tenured directors, and less reliance on independent directors; activism has been limited until recently.

Reforms and push for independence: The Tokyo Stock Exchange (TSE) Corporate Governance Code (2015) encourages appointment of more independent outside directors, disclosure of governance practices, and focus on capital efficiency.

Challenges: Entrenched management, weak minority investor voice, limited transparency in affiliate transactions, and still-evolving culture of activism. Example: Some recent high-profile transactions in Japan have attracted criticism for “lack of transparency”.

3.5 Emerging Markets and Asia (brief overview)

Governance practices in emerging markets often face additional institutional constraints: less mature capital markets, weaker regulatory enforcement, concentrated ownership (state or family control), lower transparency, and cultural norms that emphasise relationships over formal governance mechanisms.

Comparative research finds that even among G20 countries, differences in board independence, gender diversity, auditor tenure and other granular indicators remain significant. Some emerging economies have successfully adopted governance codes and reforms (e.g., India, Brazil, South Africa) which provide instructive lessons for transitional markets.

4. Core Governance Elements: Comparative Insights

This section delves deeper into five core elements of governance: board composition & oversight; shareholder rights & activism; disclosure & transparency; risk management & internal controls; and stakeholder/sustainability governance. For each element we draw international comparative insights and signal implications.

4.1 Board Composition, Independence and Oversight

Board structure: As seen above, jurisdictions differ in board architecture (unitary vs two-tier). Research suggests that board independence (the presence of non-executive, independent directors) correlates with improved monitoring and lower agency costs.

Independent directors: Many governance codes require a majority of non-executive and independent directors on boards and audit committees. For example, UK and US models emphasise audit committee independence; Germany’s DCGK sets out independence criteria in the supervisory board.

Diversity and skills: Recent studies highlight that not just independence but diversity (gender, skills, tenure) matter for board effectiveness. For example, one study found that inter-country differences on board independence, board gender diversity, board skills are “especially relevant”.

Monitoring and oversight: Effective oversight requires clarity of roles (board vs management), clear definition of responsibilities (remuneration committee, nomination committee, audit committee), and periodic evaluations of board performance. Weak oversight may lead to strategic drift, poor risk management or management capture.

Implications: For Vietnam, establishing strong, independent, skilled boards—including non-executive directors with external perspective—will be key. Mechanisms for nomination, remuneration, evaluation of boards should be improved. The local context of concentrated ownership and state participation means that true independence may require special attention.

4.2 Shareholder Rights and Activism

Shareholder rights: Good governance frameworks protect shareholders’ rights to vote, to receive timely information, to call special meetings, to nominate directors, and to participate in a takeover bid. The OECD Principles treat shareholder rights as fundamental.

Activism and market discipline: In market-based systems (US, UK), activism by institutional investors, hedge funds and proxy advisors helps enforce governance standards. Shareholders can discipline management via votes, proposals, litigation and public pressure.

Concentrated vs dispersed ownership: In many emerging markets, ownership is concentrated (family, state, cross-holdings), which may weaken minority shareholders’ rights. Comparative frameworks emphasise the need for protection of minority shareholders and avoidance of self-dealing.

Disclosure and engagement: Proxy voting, shareholder engagement, and transparent disclosure are important for activism to function effectively.

Implications: In Vietnam, strengthening minority shareholder rights, enabling greater investor voice, promoting institutional investor activism, and improving the corporate culture of engagement are important. Regulatory frameworks should facilitate shareholder-company dialogues, proxy voting, and transparent nomination processes.

4.3 Disclosure, Transparency and External Reporting

Transparency: Transparent disclosure of financial and non-financial information is essential for investors to monitor performance and risk. Governance codes emphasise

that companies must provide accurate, timely, accessible information on operations, risks, related-party transactions, remuneration, and board composition.

Codes and best practice: The 2015 “International Comparison of Selected Corporate Governance Guidelines” shows how different countries have adopted codes and best practices of disclosure.

Auditors and gatekeepers: External audit, internal audit, and other gatekeepers (e.g., rating agencies, institutional investors) play an important role in verifying disclosures and governance quality. Weak enforcement or opaque disclosures undermine trust and investor confidence.

Emerging trends: Beyond financial disclosure, many jurisdictions now emphasise integrated reporting, ESG disclosure, risk management disclosure, and narrative reporting. For example, the South African King Report on Corporate Governance emphasises integrated reporting and sustainability.

Implications: For Vietnam, improvement in the quality of disclosure—especially regarding related-party transactions, ownership structure, board independence, remuneration, risk management—is critical. Regulators may consider mandating integrated reporting or sustainability disclosures as the economy matures.

4.4 Risk Management, Internal Controls and Audit Oversight

Risk oversight: Effective corporate governance requires that boards and management address enterprise-wide risk: strategic risk, operational risk, financial risk, compliance risk, and emerging risks (cyber, ESG, reputational). The German legislation Law on Control and Transparency in Business (KonTraG) (1998) mandated early risk detection systems and supervisory board oversight.

Internal controls and audit committees: The board should oversee internal controls, internal audit function, external audit process, and ensure independence of auditors. Remediation of audit findings and control weaknesses is a governance responsibility.

External oversight: External auditors, regulators (securities commissions) and market participants provide discipline. Countries with stronger enforcement tend to see better governance outcomes. Research shows that corporate governance is positively linked to cross-border M&A and financial development.

Implications: In Vietnam, enhancing internal audit functions, reinforcing audit committees’ independence, strengthening risk-management frameworks, and improving supervisory mechanisms for state-owned enterprises and listed companies will be important steps.

4.5 Stakeholder Governance and Sustainability

Stakeholder focus: The shift in governance thinking is from purely shareholder-centric to stakeholder-inclusive models (employees, creditors, customers, community, environment). For example, King III/King IV in South Africa emphasises sustainable value, ethics, integrated reporting.

ESG integration: Environmental, social and governance (ESG) issues are becoming central to governance debates: companies must manage sustainability risks (climate change, labour practices, human rights) and disclose ESG performance.

Long-term value creation: Governance models emphasising long-term orientation (rather than short-term

profits) are increasingly recognised as superior in terms of sustainable performance and reputational risk mitigation.

Implications: For Vietnam, integrating stakeholder and sustainability considerations into corporate governance will help align companies with global investor expectations, reduce reputation risk, and support alignment with the UN Sustainable Development Goals (SDGs). Companies and regulators should encourage adoption of ESG disclosure frameworks and stakeholder engagement practices.

5. Lessons from International Experience

Drawing on the comparative evidence above, a number of key lessons emerge for jurisdictions seeking to strengthen corporate governance. These lessons are particularly relevant for developing or transitional markets like Vietnam.

5.1 Institutional Adaptation is Key

Governance reforms cannot simply transplant models from advanced economies without adaptation to local institutional, cultural and economic contexts. As comparative studies emphasise, the effectiveness of governance mechanisms depends on legal enforcement, culture of transparency, investor activism, and ownership structures. Cambridge University Press & Assessment In Vietnam, reforms must recognise state-ownership, family business dominance, developing capital markets, and cultural norms of business relationships.

5.2 Board Governance Matters — Quality Over Quantity

While many jurisdictions emphasise board independence and size, the critical factor is board quality: the calibre of non-executive directors, diversity (skills, gender, experience), effective committee structure, clear roles and accountability. Studies show that granular indicators such as board skills and gender diversity matter significantly. MDPI Therefore, in Vietnam increasing the number of independent directors is less important than ensuring their competence, independence and motivation.

5.3 Shareholder Voice and Engagement Strengthen Governance

A governance system works best when shareholders (especially institutional investors) are active and empowered. This means protecting minority shareholders, enabling voting rights, promoting shareholder-company dialogue, and allowing activism (within sound regulatory boundaries). Emerging markets should avoid the trap of formal rules which look good but where activism and rights are ill-enforced. Historical reforms show that the existence of rights without enforcement yields weak outcomes.

5.4 Disclosure and Transparency Build Trust

Without reliable, timely and relevant disclosure, even well-designed governance frameworks fail to deliver. The quality of financial and non-financial information, good audit practices, and stakeholder reporting matter for investor confidence and market development. Vietnam must continue to enhance disclosure standards, ensure audit quality, and consider gradually introducing integrated reporting and ESG disclosures.

5.5 Enforcement and Accountability Mechanisms

Rules and codes alone are insufficient. Enforcement matters:

regulatory agencies must have resources, independence and credibility; courts must uphold director and auditor liability where appropriate. Without credible enforcement, governance standards become symbolic. For example, the US enforcement environment and shareholder litigation provide discipline; in other systems, weaker enforcement reduces impact.

5.6 Promote Long-Term Orientation and Stakeholder Considerations

Governance systems increasingly emphasise long-term value creation, ethics, sustainability and stakeholder engagement. The South African King codes highlight this trend. Incorporating stakeholder perspectives helps companies anticipate and manage non-financial risks (reputation, environmental, social). For Vietnam, aligning corporate governance with sustainable development priorities offers a meaningful way to integrate international best practices with national goals (e.g., green growth, inclusive development).

5.7 Ownership Structures and Control Matters

In many emerging markets, concentrated ownership (state, family, cross-shareholdings) is the norm. Governance mechanisms must reflect that reality rather than assume dispersed ownership. For instance, oversight of controlling shareholders or state-owned enterprises often requires tailored arrangements (independent boards, minority protection, transparent transactions). Vietnam's reforms must align governance frameworks with such structures.

6. Practical Lessons for Vietnam

Given the above lessons from international practice, what are the actionable implications for Vietnam? In this section we outline a set of practical lessons and recommendations targeted at policy makers, regulators, listed companies, state-owned enterprises (SOEs) and other stakeholders.

6.1 Strengthening Corporate Governance Framework

- **Adopt and enhance a national governance code:** Vietnam may benefit from a widely supported corporate governance code for listed companies and SOEs, based on “comply or explain” principles, tailored for the local context (ownership concentration, state participation, emerging capital market).
- **Clarify roles of boards, committees and independent directors:** Establish clear guidance for boards to have nomination, audit, remuneration committees; set qualification standards and independence criteria for non-executive directors; provide for board evaluation and refreshment.
- **Improve minority shareholder protection:** Strengthen laws and regulations to protect minority shareholders against self-dealing by controlling shareholders; enable greater use of shareholder litigation or arbitration; ensure fair and transparent related-party transactions.
- **Enhance disclosure, audit and transparency:** Mandate high-quality and timely disclosures (financial, non-financial, ownership structure, risk management, remuneration, ESG). Strengthen external audit independence and oversight of audit firms. Consider gradually moving toward integrated reporting and ESG disclosures.

- **Promote institutional investor development:** Encourage development of domestic institutional investor base (pension funds, asset managers), proxy advisory services, and shareholder engagement. Regulatory frameworks should facilitate shareholder votes, shareholder proposals, and dialogue between companies and investors.
- **Tailor governance for SOEs and state-owned holdings:** For SOEs, where the state acts both as owner and regulator, governance must avoid conflicts of interest. Independent boards, transparent performance criteria, and separation of ownership and regulatory functions are essential.
- **Empower enforcement and regulatory capability:** Strengthen the capacity, independence and resources of the securities regulator, stock exchange, and other oversight bodies. Ensure credible sanctions for governance breaches and timely remediation.
- **Promote long-term orientation and sustainability governance:** Encourage companies to integrate ESG, stakeholder perspective and long-term strategies into governance frameworks. Encourage disclosure on sustainability, risk management beyond financials, and responsible corporate citizenship.

6.2 Implementation Challenges and Considerations

In applying these recommendations, Vietnam should be mindful of challenges:

- **Institutional maturity:** Vietnam's capital markets and regulatory institutions are still evolving; reforms must be phased, realistic and sequenced.
- **Ownership concentration:** Many Vietnamese companies have state or family majority ownership; governance frameworks must address the realities of controlling shareholders, not assume dispersed ownership.
- **Cultural norms:** Business culture in Vietnam may emphasise relational ties, hierarchy, and collective responsibility rather than adversarial investor activism. Governance reforms must respect cultural norms while gradually shifting towards transparency and accountability.
- **Capacity and resources:** Non-executive directors, audit committees, regulatory staff and proxy advisory services may lack experience. Programs for capacity building, training and professionalisation are necessary.
- **Cost versus benefit for smaller firms:** Governance reforms impose compliance costs; regulators must calibrate rules to avoid over-burdening smaller listed firms or private companies.
- **Enforcement credibility:** Without credible enforcement of rules, reforms may remain symbolic. Regulators must build trust and independence, and sanctions must be real and applied.
- **Stakeholder alignment:** As governance evolves, companies must engage with diverse stakeholders—not just shareholders but employees, communities, regulators—so governance reforms are sustainable.

6.3 Prioritised Action Plan for Vietnam

A possible phased action plan might include:

- **Short-term (1-2 years):**
 - Update and publish an enhanced corporate

governance code for listed companies and SOEs.

- Introduce minimum standards for independent directors and board committees (audit, nomination, remuneration).
- Require companies to publish a governance statement in annual reports, covering board composition, role of committees, independent directors, and internal controls.
- Strengthen external audit regulation and require audit committee oversight.
- **Medium-term (3-5 years):**
 - Facilitate domestic institutional investor development and proxy advisory services.
 - Introduce additional disclosure requirements for ESG, risk management, related-party transactions, controlling shareholder transactions.
 - Enhance minority shareholder rights, including streamlined legal or regulatory mechanisms for redress.
 - Develop training programmes for non-executive directors, audit committee members, regulators.
- **Long-term (5+ years):**
 - Move towards integrated reporting and sustainability disclosures.
 - Foster a culture of shareholder engagement and activism, including dialogue between companies and investors, proxy voting norms.
 - Align SOE governance with international best practice (separate ownership from regulation, independent boards, performance contracts, transparency).
 - Monitor and refine enforcement mechanisms, strengthen corporate governance data collection and benchmarking.

7. Case Illustrations and Application to Vietnam

While this paper is not a dedicated case-study, a few illustrative reflections may help link international experience to the Vietnamese context.

7.1 The Role of Ownership Structure

In many Vietnamese listed companies and SOEs, ownership remains highly concentrated, often with the state or affiliated party holding a majority stake. This resembles the continental model more than the dispersed ownership Anglo-Saxon model. Thus, governance reforms cannot simply assume dispersed shareholder monitoring. Instead, mechanisms should focus on controlling shareholder oversight, transparent transactions, and protecting minority interests. The German model's dual board structure and stronger stakeholder orientation may offer useful insights, though the local context is different.

7.2 Board Composition and Independent Directors

Vietnam has already begun requiring independent directors and audit committees in listed companies. However, experience suggests that mere presence is not sufficient: the quality of independent directors, their ability to challenge management, and their effectiveness in committees matter. Drawing from comparative research (for example evidence on board diversity, independent director effectiveness) highlights the need for professional development, better nomination processes, and more rigorous evaluation of board performance.

7.3 Disclosure, Transparency and Related-Party Transactions

One of the recurring issues in emerging markets – including Vietnam – is related-party transactions, opaque affiliate dealings, and weak external audit. International practice emphasises rigorous disclosure, audit committee oversight, and sanctions for opaque dealings. Vietnam's regulatory authorities might consider strengthening rules on related-party transparency, enhancing external auditor independence, and increasing penalties for non-compliance.

7.4 Institutional Investor Engagement

Vietnam's domestic institutional investor base is still relatively small, and proxy advisory services are underdeveloped. International experience emphasises the role of institutional investors in monitoring, engagement and activism. To bolster governance, Vietnam could encourage development of professional asset managers, pension funds, encourage shareholder proposal rights, improve voting infrastructure, and educate investors about governance. Over time, as capital markets deepen, a more proactive investor base will aid governance discipline.

7.5 Sustainability and Stakeholder Governance

Vietnam is actively pursuing green growth, sustainable development and integration into global value chains. Governance reforms that align with sustainability—e.g., requiring ESG disclosures, promoting long-term value creation rather than short-term profit maximisation, engaging stakeholders—will increase the attractiveness of Vietnamese companies to international investors. Drawing on codes such as South Africa's King III/IV (which emphasise integrated reporting and stakeholder governance) offers a path.

7.6 Enforcement and Regulatory Strength

One of the crucial differentiators in governance effectiveness is enforcement. International comparisons show that where regulation is weak or enforcement is lax, governance outcomes are limited. Research highlights that quality of enforcement and external governance systems matter. For Vietnam, strengthening regulatory capacity (e.g., the securities regulator, stock exchange compliance oversight, audit oversight) is foundational. Transparent sanctions, monitoring of governance practices (boards, disclosures, audit) and publication of governance data will support market confidence.

8. Challenges and Future Directions in Corporate Governance

While the previous sections have elucidated governance frameworks and lessons, it is important to acknowledge evolving challenges and emerging themes globally-and how they may shape Vietnam's governance agenda.

8.1 Technological Disruption and Cyber-Risk

As companies increasingly rely on digital platforms, AI, big data, and network ecosystems, corporate governance must expand to cover cyber-risk, data governance, algorithmic accountability, and digital ethics. Boards must acquire the skills and oversight structures to understand these risks and monitor management response.

8.2 ESG, Climate Risk and Sustainability Reporting

Governance frameworks are increasingly expected to include climate risk, social impact, human rights, supply-chain transparency, and other sustainability dimensions. Boards must integrate these into strategy, disclosure, risk management and oversight mechanisms.

8.3 Globalisation of Capital and Cross-Border Governance

As firms operate globally and capital flows cross borders, corporate governance requires alignment with global investor expectations, cross-listing requirements, and international best practices. Firms based in Vietnam that aim to attract foreign direct investment or cross-list will benefit from governance practices aligned with international norms.

8.4 Ownership and Control Structures – New Models

The dominance of alternative ownership models (private equity, sovereign wealth funds, activism) challenges traditional governance assumptions. Emerging markets may face shifts in ownership patterns, requiring governance adaptability. Research on network centrality of corporate control highlights how embedded networks of directors and firms impact governance across countries.

8.5 Narratives, Reputation and Governance Risk

Emerging literature points to “narrative contradictions” as a new governance risk: when a company’s public disclosures, investor communications and operations are inconsistent, the board may face reputational and legal risk. Boards must not only look at numeric disclosures but also coherent narratives, transparency of strategy, culture and ethics.

8.6 State-Owned Enterprises and Public Sector Governance

Given Vietnam’s economic structure, governance in the public sector and state-owned enterprises remains critical. International experience indicates that governance reforms in SOEs require not just board changes but structural de-politicisation, transparent performance contracts, independent oversight, and alignment with commercial objectives while respecting public policy objectives.

9. Conclusion

Modern corporate governance is no longer simply an internal company matter—it is integrally linked to the broader ecosystem of capital markets, regulation, institutional investors, stakeholders and international norms. The comparative experience across advanced and emerging economies reveals that while no “one-size-fits-all” model exists, certain core principles hold: board quality and independence, strong shareholder rights and engagement, transparent disclosure, robust risk and control systems, stakeholder and sustainability orientation, and credible enforcement.

For Vietnam, the path forward lies in carefully adapting these principles to the local institutional context: high ownership concentration (state, family), emerging capital markets, cultural business norms, and evolving regulatory capacity. Building a governance regime that supports minority investor protection, transparency, professional boards, active institutional investors, and stakeholder/sustainable value creation will enhance market

confidence, improve enterprise performance, attract foreign investment, and strengthen long-term economic growth.

The recommendations laid out—covering the governance code, board composition, minority rights, disclosure, auditor oversight, institutional investor development, SOE governance, enforcement, and sustainability—provide a practical roadmap. Implementation will require phased sequencing, capacity building, stakeholder engagement, and monitoring of outcomes.

As the global governance environment continues to evolve—driven by technology, sustainability, global capital flows, new ownership models and reputational risks—Vietnam has the opportunity to leapfrog and align with international best practice rather than follow legacy paths. By doing so, Vietnamese companies and the market as a whole can position themselves as credible, well-governed participants in the international economy.

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