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Influence of Corporate Governance on Dividend Policy in Vietnam*

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Abstract

The paper examines the impact of corporate governance (CG), on dividend policy (DP) of enterprises in Vietnam. The paper studies the impact of CG on DP of businesses listed on Vietnam's stock exchange in the period 2008–2018 with 2,937 observations. The data of these companies is collected from the financial statements of businesses and Vietstock data sets, as well as aggregated from the data published on some reputable securities websites. The study used GLS regression method for data collected at listed companies in Vietnam in the period of 2008–2018. The research results have found that CG, the chairman of the board of directors (BOD), and the managing director have a negative effect on the DP. Specifically, companies with strong BODs tend to pay low dividends. At the same time, research shows that factors such as profitability, financial leverage, firm size, and investment opportunities affect DP. This result underscores the importance of corporate governance (both internal and external) to the income distribution decision and provides policy implications for investors and company executives. The study finds solid evidence that alternative theory explains better the relationship between corporate governance and dividend policy. Accordingly, companies with weak corporate governance will pay more dividends.

Keywords: Corporate Governance, Dividend Policy, Vietnam

JEL Classification Code: F65, G30, O16

1. Introduction

The relationship between corporate governance (CG) and dividend policy (DP) is an interesting combination because each of these issues is itself a topic that attracts great attention from scholars around the world. If the enterprise's DP has been proved to be affected by many macro factors (taxes, laws) and internal factors such as investment opportunities, profitability, firm size, and leverage finance the CG is also proved by economists to be the decisive factor for many important issues of enterprises: business value, capital structure, cost of debt financing, business diversification, ratio cash held, debt maturity structure, CEO remuneration, ownership structure, and market liquidity (Jiraporn, Kim, & Kim, 2011). The main link between DP and CG is representative issues. CG is a mechanism to reduce the representation problem of businesses, while agency costs have an impact on the DP, and so, CG will have an impact on the DP.

Theoretical studies have formed two opposing schools on the impact of CG on DP. One school supports the view of the result theory that good CG increases dividend payout rates. Because shareholders' interests, especially minority shareholders, are well protected through CG mechanism, shareholders can exert their power to exert pressure to force the company to pay more dividends. Therefore, dividends are the result of the good protection of minority shareholders' rights. On the contrary, another school supports the view of alternative theory that weak CG will increase the dividend payout ratio. According to this theory, enterprises with weak governance mechanisms, meaning that facing high

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representation costs, will be more difficult to raise capital in the financial market. Therefore, dividends are an alternative to the weak management system to win over the shareholders and increase the reputation of the company before each issuance.

With the above theoretical background, there are many empirical studies around the world testing the theory that better explains the impact of CG on DP. Results from a number of case studies, such as those with a sample of countries, often support the theory of results (La Porta, Lopez-de-Silanes; Shleifer & Vishny, 2000; Faccio, Lang, & Young, 2001; Mitton, 2004). While research papers have samples of enterprises in the same country, the results often support alternative theory (Hu & Kumar, 2004; Jiraporn & Ning, 2006; Officer, 2006; Chang & Dutta, 2012; Mansourinia, Emamgholipour, Rekabdarkolaei, & Hozoori, 2013).

Based on the research in developed and developing countries, when considered individually, each member of the board of directors affecting the DP is not homogeneous, sometimes contradictory. The cause of the difference may be due to very different DP measurements, and data from different markets. For comprehensive research, this study is based on data collected from 267 companies listed on Vietnam's stock market in the 2008–2018 period. The variables representing DP are measured in terms of dividends on the market price per share, dividends par value of the stock, ratio of dividends in earnings per share and dividends on assets.

2. Literature Review

Since Modigliani and Miller (1958) stated that the debate about DP does not impact on corporate value, there have been numerous studies attempting to loosen assumptions about perfect capital markets, in order to find factors affecting the enterprise's DP. Besides a number of factors that have been discovered such as tax, profitability, investment opportunities, there is another approach that attracts great attention of researchers: that is the approach agency problem. The representative theory states that managers do not always use DP to maximize shareholder value. Instead, they choose DP to maximize their personal gain. Therefore, the cost of representation has an impact on the enterprise's DP and the CG, as a mechanism to reduce the representation problem, will also affect the enterprise's DP.

2.1. Outcome Theory

This first model is also called the traditional view. This model is mainly based on the argument of (Jensen, 1986) in the theory of free cash flow. He said that managers themselves prefer to hold income rather than redistribute to shareholders in the form of dividends stockpile and very reluctant to use the income to pay dividends to shareholders. Simply because holding money means having control, while if paying dividends, managers will need to go to the outside capital market to finance investment projects, the result will be market dependent and supervised (Easterbrook, 1984). However, the consequence of a manager holding a lot of money is investing under value, also known as the cost of free cash flow. In order to avoid pressure on shareholders' dividends, managers will reason to invest money. While lucrative investment projects are not always available, there are cases where managers will choose projects with negative NPV (only managers know), to create a virtual sense of the company's growth , to reward them more. In short, the opinion of the resulting theory is that dividend payments affect the interests of managers, so managers do not like dividend payments. The above reality occurs in enterprises with weak governance mechanisms. In good CG, managers are very unlikely to abuse the free cash flow of businesses, and thus, can only return shareholders' income in the form of dividend payments (Jiraporn et al., 2011). At this moment, DP expects the result of an effective CG mechanism. In other words, well-managed businesses will pay more dividends than businesses with weak management systems.

There is some empirical evidence on the positive relationship between corporate governance quality and dividends. Michaely and Roberts (2006) conclude that good governance will encourage greater and more stable dividend payments. La Porta et al. (2000) in a study of 4,000 companies in 33 countries supported the position of the resulting theory that countries have good CG mechanisms, through good legal protection systems. Minority interests, will pay more dividends. When the rights of minority shareholders are guaranteed, they can use their power to pressure the company to pay out the money, preventing individuals inside to use too much of the company's income to their advantage. Mitton (2004) in a study of 365 companies in 19 countries in 2001 showed support for the results theory. The author thinks that when shareholders have more rights, they can use their power to influence the DP. Shareholders can get more rights through both the legal system and the CG. This paper complements the paper by La Porta et al. (2000). Accordingly, besides the national investor protection system, good CG in each company also contributes to help shareholders receive more dividends. Kowalewski, Stetsyuk, and Talavera (2007) studied DP and CG in Finland between 1998 and 2004. The results showed that the increase of CG index will lead to an increase in DP. Jiraporn et al. (2011) used 9,893 observations from 2001–2004 in the US to test the impact of CG quality on DP. The results showed that companies with better management quality tended to pay more dividends.

2.2. The Alternative Theory

In the opposite view, the alternative theory holds that a company with poor governance will pay more dividends. Regardless of how the manager wants to use internal sources, raising capital from external markets, especially when future cash flows are not stable, is inevitable. At this time, it is difficult for companies with weak governance, which means it is difficult for large representatives to raise capital or raise capital at high cost (La Porta et al., 2000). Therefore, these companies must build a good reputation, make potential new shareholders have confidence in the future benefits if they contribute capital to the company. And the way to establish that reputation is to pay dividends, signaling to new investors that shareholder assets are less likely to be misused by managers. Especially in countries where shareholders' interests are less protected, the reputation of good dealings with shareholders is valuable when shareholders do not know where to put their trust. And so, in these countries, the dividend demand for reputation building is greatest. In contrast, in countries that protect the interests of small shareholders, the demand for dividends under this mechanism is smaller. This argument implies that, when other factors are constant, the dividend rate in countries with weak shareholder protection systems will be higher than the dividend rates in countries with good protection mechanisms. Similarly, at the enterprise level, Hu and Kumar (2004) argue that entrenched managers will voluntarily pay dividends to shareholders to avoid the punishment of their shareholders. Dividends as an amount that managers bribe shareholders in return for their positions. In this view, dividends are a substitute for shareholders' rights that are violated. The company has weak management, shareholders' interests are not guaranteed, the more it tends to pay dividends to avoid the punishment of shareholders on managers.

Empirical studies using multinational data largely support the view of the result theory, and empirical studies in the same country support the view of alternative theory more. Hu and Kumar (2004), with a sample of 2,081 companies in the US during 1992–2000, show that the probability of dividend payment as well as the level of dividend payment are positively correlated with factors that increase the level of entrenched managers. The above results imply that enterprises with weak management systems, meaning that the level of entrenchment of big managers, will tend to pay more dividends. Jiraporn and Ning Hu and Kumar (2004)2006) study the relationship between DP and shareholder rights. A broad sample of 1500 companies listed on major US stock exchanges between 1993 and 2002. Test results show evidence of the inverse relationship between these two factors, i.e. pay more dividends when shareholder rights leave, in line with the alternative theory by La Porta et al. (2000). Research (Officer, 2006) uses all US enterprise data from 1973 to 2004 to test the relationship between internal and external corporate governance systems affecting DP. The results show that the CGs are weak, expressed by the characteristics of a large Board of Directors, with more internal members, more likely to pay dividends. Chang and Dutta (2012) used data of businesses listed on the Toronto, Canada Stock Exchange in 1997–2004 to test the hypothesis of alternative theory that better explains the relationship between CG and DP. The author's research focuses on exploring the governance characteristics of Canadian businesses. The results support the view of alternative theory, that is, firms with poor governance systems will prefer to pay dividends more.

3. Research Hypotheses

3.1. Corporate Governance

Several other studies show that the dividend payment policies of companies differ between developed and emerging markets. Glen, Karmokolias, Miller, and Shah (1995) find that payment rates in developing countries are only two-thirds of those in developed countries. Faccio et al. (2001) find that when there are large shareholders, the dividend payout ratio tends to be higher in Europe and lower in Asia. Chae, Kim, and Lee (2009) use US data to show that firms with more (less) external financial constraints tend to reduce (increase) pay rates when there is improvement in corporate governance mechanism. The study by Almeida, Park, Subrahmanyam, and Wolfenzon (2011) surveyed Korean companies and found that companies with good governance have higher company value and better pay policies. with companies with poor governance. Hwang, Kim, Park, and Park (2013) use a fairly comprehensive set of survey data on corporate governance practices of listed companies in Korea. The study found that chaebol is better managed but shareholder rights are weaker; thus the dividend payout ratio is lower than that of independent companies. In addition, the study also shows a positive correlation between good corporate governance and the low dividend payout ratio of chaebol companies compared to independent companies. We formulate the following hypothesis:

H1: *Corporate governance has a negative relationship with dividend policy.*

3.2. The Chairman of the Board Concurrently Holds the Position of General Director

If the CEO is also the chairman of the board of directors, the CEO will be able to exert a strong influence on the board of directors, making it easier to withdraw minority shareholder assets (Chang & Dutta, 2012). Therefore, the fact that the same dual position is a sign of weak corporate governance system. The theoretical and empirical studies also agree on this view.

Chen, Lin, and Kim (2011), using enterprise data in China, have shown that this duality of CEO is significantly negatively correlated with the trend of firm dividend payment. This result is consistent with the result theory. Contrary to the study by Chen et al. (2011), Obradovich and Gill (2013), studying the impact of corporate governance and ownership structure on firm's decision to pay dividends, show a positive correlation between the CEO's duality and dividend policy, consistent with alternative theory. Another empirical study that supports the alternative theory is that by Chang and Dutta (2012), the authors of business studies listed in Canada showing that CEO's duality is positively correlated with ancient policy, but unfortunately, this relationship is not statistically significant. We formulate the following hypothesis:

H2: *The Chairman of the Board of Directors cum General Director has a negative relationship with the dividend policy.*

3.3. Profitability

Also according to Fama and French (2001), the more profitable a company is in the past, or the net income is always available, the more willing managers will be to pay dividends. This is a positive relationship. Profitability can be measured by many indicators. Aivazian, Booth, and Cleary (2003) use the variable ROE (net income on equity) as a measure of profitability. Meanwhile, a series of other authors (Ronapat, 2004; DeAngelo, DeAngelo, & Stulz, 2006; He, Li, Shi, & Twite, 2009; Thanatawee, 2011) use the variable ROA (net income to total assets) to represent the profitability of the business. We formulate the following hypothesis:

H3: *Profitability is positively associated with dividend policy.*

3.4. Financial Leverage

Aivazian et al. (2003) suggest that leverage has an impact on dividend policy. Companies under high financial pressure will prioritize using surplus cash flow to pay down debt rather than paying dividends to shareholders. That means the leverage variable is inversely related to the dividend policy. Test results of Aivazian et al. (2003) in emerging market companies such as Korea, India, Malaysia, Thailand, Zimbabwe, Jordan, Pakistan, Turkey and US companies show that dividend policies in emerging countries are more sensitive to leverage than the US. In line with Aivazian et al. (2003), the studies by He et al. (2009) and Chang and Dutta (2012) also show a negative relationship between leverage and dividend policy. However, there are also some studies that do not show a statistically significant correlation between these two variables (Ronapat, 2004), or the results show a positive correlation between dividend policy and corporate leverage ((Thanatawee, 2011). This makes Thanatawee (2011) suspect that firms in the sample use debt to pay dividends. We formulate the following hypothesis:

H4: *Financial leverage is negatively related to dividend policy.*

3.5. Firm Size

According to Fama and French (2001), larger companies will often have more resources to distribute to shareholders. Therefore, the relationship between firm size and dividends is positive. The empirical results by Fama and French (2001), DeAngelo et al. (2006), Aivazian et al. (2003) in the US market as well as Denis and Osobov (2008) in a full study have shown a strong correlation between firm size and dividend policy. However, there are also some studies showing no statistical relationship between these two factors (Ronapat, 2004). We formulate the following hypothesis:

H5: *Firm size is positively associated with dividend policy.*

3.6. Investment Opportunities

Fama and French (2001) conclude that firms that do not pay dividends have a better investment opportunity than those that pay and those that have already paid dividends. Companies that never pay dividends grow faster than those that pay dividends. Companies that used to pay dividends have little investment because they have used up their money to pay dividends. Investment opportunities are often measured through a market value index on book value (Smith Jr & Watts, 1992; Jung, Kim, & Stulz, 1996; Aivazian et al., 2003). Therefore, the higher the market value on the book value is, the higher the dividend payment is. We formulate the following hypothesis:

H6: *Investment opportunities have a positive relationship with dividend policy.*

4. Model and Research Method

4.1. Research Model

This study uses the regression models proposed by the research to clarify the impact of CG on EQ, of companies as discussed in the literature review, specifically as follows:

$$\mathrm{DIV}_{i,t} = \beta_0 + \beta_1 BD_{i,t} + \beta_2 \mathrm{BDUAL}_{i,t} + \beta_3 \mathrm{ROA}_{i,t} + \beta_4 \mathrm{SIZE}_{i,t} + \beta_5 \mathrm{SIZE}_{i,t} + \beta_6 \mathrm{MTB}_{i,t} + \varepsilon_{i,t} \quad (1)$$

Table 1: Description of Variables in the Research Model

Variables		Meaning	Measure	Expectations
DYD	Dividend policy	Dividend based on sales price	Dividend per share/Market price per share	
DYM		Dividend at face value	Dividend per share/Face value per share	
DYS		Dividend per share	Dividend per share/Earnings per share	
DYA		Dividend on total assets	Dividends per share x Number of outstanding shares/Total assets	
BD	Is the representative criteria for the general board of directors **BD = BSIZE + BIND + BEXP + BMEET + CEODUAL**			−
BSIZE	Board size	Scale of the company's board *i* time *t*	As a binary variable, get a value of 1 if the scale is smaller than the median	
BIND	Independence of the board	The percentage (%) of independent members in the board of directors	A binary variable receiving a value of 1 if the percentage (%) of independent members is greater than the median member of the board of the opposite, receiving 0	
BMEET	Meeting frequency of the board	Number of board meetings a year	A binary variable whose value is 1 if the number of board meetings in the company is smaller than the sample median	
CEODUAL	CEO duality	Chairman of the company board of directors and chief executive officer of the same person at company *i* in year *t*	A binary variable that takes a value of 1 if there is no concurrency	
BFEMALE	The rate of women on the board	Proportion of women in the board of directors *i* in year *t*	A binary variable receiving a value of 1 if the percentage of women on the board is greater than the sample median	
BDUAL	The duality of chairman of the board	The chairman of the board is also the general director of the company *i* in year *t*	Equals 1 when the CEO concurrently holds the position of chairman of the board and equals 0 in the opposite case	−
ROA	Profitability	Profitability of firm *i* at year *t*	Return/Total assets	+
LV	Financial leverage	Financial leverage of company *i* in year *t*	Total liabilities/Total assets	−
SIZE	Firm sixe	Firm size *i* at time *t*	Log base 10 of total assets	+
MTB	Investment Opportunities	Market value on book value *i* in year *t*	MTB = (Market capitalization value + Liabilities)/Total assets	+

4.2. Research Data

The paper studies the impact of CG on DP of businesses listed on Vietnam's stock exchange in the period 2008–2018 with 2,937 observations. The data of these companies is collected from the financial statements of businesses and Vietstock data sets, as well as aggregated from the data published on some reputable securities websites such as cafef.vn or cophieu68.com. The original data will be aggregated and recalculated in the same way of determining variables, in which some variables will be regressed to get the remainder and initialize the corresponding new variable via Stata 14.0 software using the method GLS regression method.

4.3. Research Method

The baseline analysis was first performed to screen the sample, to eliminate observations that were too large, too small, or too different from the sample size. This basic analysis step helps to check the appropriateness of the sample before performing regression analysis to ensure the reliability of quantitative research results. Specifically, the author group will conduct statistical description analysis, correlation analysis to eliminate multi-collinear phenomena between independent variables. After selecting a suitable method to run the model, the author will check the variance, multicollinearity, autocorrelation of the model. In the case of models with defects, the author will use the GLS (Generalized Least Squares) method.

5. Research Results and Discussion

Survey results of 267 businesses in the period from 2008 to 2018 (Table 2) show that, on average, listed companies in Vietnam during the research period paid 4.9% of the market price per share, 10.9% of the par value of the stock, about 58.7% in earnings per share and approximately 3.3% on assets. Meanwhile, the general board variable (BD) is measured by the sum of separate factors representing the board's characteristics including independence, number of members, percentage of women in the general council, number of meetings and the number of meetings concurrently. The BD index has the largest value of 5, the smallest value is 1. The average value of the variable is 2,514 with the standard deviation of 1,156. Thus, the factors of the board of directors (BD) in enterprises are very different, there are companies with all the required characteristics to show the effective board, while In some companies, the management efficiency is very low, showing that the BD value is only 1, meaning that there are businesses in the board that have not met the good CG characteristics. On average, 24.8% of businesses have a chairman of the board of directors cum general director (BDUAL). The average profitability (ROA) of businesses is 6.3%, the financial leverage (LV) is determined by the ratio of liabilities to the average total assets of 50.8%, the size of the business (SIZE)) by asset after logarithm average of 11,706 and market value index on books is 1,133.

Table 3 describes the characteristics of companies that pay dividends and do not pay dividends on Vietnam's stock market during 2008–2018. Results of the difference testing between the two groups of companies that have paid dividends and not paid dividends show that the companies have a CEO and chairman of the public board of directors. Companies tend to prefer lower dividend policy. In addition, the companies that pay dividends are usually companies, using more financial leverage (LV). In contrast, companies that do not choose to pay dividends are usually companies with better business performance (ROA) and market price index compared to book value (MTB).

Table 4 presents the autocorrelation matrix, showing the direction of impact between the study variables. The correlation coefficient between the independent variables in the model does not have any pairs greater than 0.8, so it is less likely to have multi-collinear phenomena, when using the regression model of the authors group VIF to test investigate.

In general, the research results from Table 5 show the impact of corporate governance on the dividend distribution policy of companies listed on the stock market of Vietnam. Specifically, companies with good board of directors (BD), the dividend payment is relatively low. This shows that, when the board of directors is the representative of the company's capital and also the main subjects of long-term strategic direction for the company's operations, the low dividend payment usually clearly. In other words, companies with good boards will gain the trust of the shareholders. Therefore, the company tends to reduce dividends to invest in the development of the company or favor money sources to buy back shares. This result is consistent with the point of view (Hwang et al., 2013) when executives believe that managers share the company's added value, they must retain the profits to reinvest in order to maximize the value. of the company. The estimation results are largely consistent with the initial hypothesis of alternative theory that better explains the impact of corporate governance on dividend policy. Similarly, when the chairman of the board of directors cum the general director, the trend to limit dividend payments also occurred. The reason may be that once the CEO (BDUAL) is also the boss of the company, they have more power in decision making of the company including the dividend policy. The results are consistent with those of Chang and Dutta (2012) and Chen et al. (2011).

Table 2: Descriptive Statistics

Variable	Obs	Mean	Std. Dev	Min	Max
DYD	2937	0.044	0.298	0	13.631
DYM	2937	0.109	0.180	0	6.6
DYS	2937	0.587	4.238	−1.216	20
DYA	2937	0.030	0.043	0	0.816
BD	2937	2.514	1.156	1	5
BDUAL	2937	0.248	0.432	0	1
ROA	2937	0.063	0.077	−0.853	0.784
LV	2937	0.508	0.214	0.004	0.993
SIZE	2937	11.706	0.688	9.5	14.459
MTB	2937	1.133	0.843	0.121	12.962

Table 3: Comparison of Companies Paying Dividends and Groups of Companies that do not pay Dividends

Variables	Comparison of Companies not Paying Dividends			Companies Paying Dividends			*t* test
	N	Mean	SD	N	Mean	SD	
Variables on Corporate Governance							
BD	1037	2.553	1.148	1900	2.493	1.160	1.3313
BDUAL	1037	0.287	0.453	1900	0.226	0.418	3.7029***
The control variables							
ROA	1037	0.028	0.081	1900	0.082	0.068	−19.135***
LV	1037	0.532	0.217	1900	0.495	0.211	4.5965***
SIZE	1037	11.698	0.711	1900	11.710	0.676	−0.4451
MTB	1037	0.982	0.588	1900	1.216	0.944	−7.2647***

t statistics in brackets *p < 0.1, **p < 0.05, ***p < 0.01

Table 4: Correlation Matrix

	DYD	DYM	DYS	DYA	BD	BDUAL	ROA	LV	SIZE	MTB
DYD	1									
DYM	0.1381	1								
DYS	0.7566	0.043	1							
DYA	0.2018	0.737	0.05	1						
BD	−0.0005	−0.006	−0.023	−0.048	1					
BDUAL	−0.0283	−0.053	−0.018	−0.072	−0.462	1				
ROA	0.0837	0.424	−0.017	0.624	−0.038	−0.058	1			
LV	−0.0683	−0.103	0.003	−0.382	0.009	0.003	−0.399	1		
SIZE	0.044	0.042	0.019	−0.091	0.241	−0.015	−0.038	0.286	1	
MTB	0.033	0.185	−0.002	0.344	0.072	−0.047	0.31	−0.166	0.067	1

Table 5: Regression Results

	Model 1	Model 2	Model 3	Model 4
	DYD	DYM	DYS	DYA
BD	−0.00862	−0.00315	−0.191**	−0.00233***
BDUAL	−0.0270*	−0.0142*	−0.418**	−0.00631***
ROA	0.218***	1.008***	-1.535	0.288***
LV	−0.0919***	0.0570***	-0.332	−0.0289***
SIZE	0.0315***	0.0100**	0.209*	−0.00180*
MTB	0.0000483	0.0123***	0.0166	0.00834***
_cons	−0.263***	−0.104**	−1.023	0.0456***
N	2937	2937	2937	2937

t statistics in brackets *p < 0.1, **p < 0.05, ***p < 0.01

For the factor of profitability (ROA), as expected, the ROA variable, representing the profitability of the company, has a positive impact on the dividend payout rate with a relatively large level and has Statistical significance with the 1% significance level in model 1, 2, and model 4. This research result is consistent with the research results by Fama and French (2001), Hung, Ha, and Binh (2018), Dang and Tran (2019).

Regarding financial leverage, the regression coefficient of the control variable LV is statistically significant (at 1% of significance level) in all regression models. The regression coefficient of this variable receiving a negative value indicates that companies that use high financial leverage tend to cut dividend payments with model 1 and model 4. This finding supports the view of (Rozeff, 1982), and in accordance with (Aivazian et al., 2003), (He et al., 2009), (Chang & Dutta, 2012), (Khanh, Hung, Van, & Huyen, 2020) when companies often cut dividend payments to reduce the company's outside financial costs.

For firm size factor (SIZE), there is a positive impact on dividend policy in accordance with predictions of alternative theories but the regression coefficients are only statistically significant in model 1 and model 2, this research result is consistent with several studies (Fama & French, 2001; DeAngelo et al., 2006; Aivazian et al., 2003; Dang, Vu, Ngo, & Hoang, 2019; Dang, Pham, Nguyen, & Nguyen, 2020; Dang, Nguyen, & Tran, 2020; Vu, Phan, & Dang, 2020; Vu et al., 2019).

The factor of market value index on book value has a positive and significant effect on dividend policy in model 2 and model 4, this result is not consistent with the argument of Fama and French (2001) that a company with a high investment opportunity will have a need to use the source for high investment, so there will be less priority for dividend payments. However, the impact of the MTB variable is not affecting the equity policy in model 1 and model 3.

6. Conclusions

The study inherits previous theories and models from other countries to test which alternative theory and outcome theory are better suited to explain the impact of a number of factors on corporate governance to the dividend policy of 267 companies listed on Vietnam's stock market from 2008 to 2018. We draw the following main conclusions:

- The study finds solid evidence that alternative theory explains better the relationship between corporate governance and dividend policy. Accordingly, companies with weak corporate governance will pay more dividends.
- When the CEO concurrently holds the position of chairman of the board of directors, it has an opposite effect on the dividend policy of the enterprise. This evidence of research contributes a small part to support the notion: in countries with civil law systems like Vietnam, where the rights of minority shareholders are often not highly protected. Like countries under the common law system, shareholder confidence is very valuable. In a country with a civil law system, a company with a weak corporate governance system will be more motivated to pay high dividends to build reputation with shareholders, helping to raise capital in the future.
- In addition to being influenced by factors related to corporate governance as above, DP of enterprises in the sample is also affected by the market value index on book value and net income index on total assets in accordance with other theoretical and empirical studies in the world. Accordingly, the company has many investment opportunities (reflected by the market value index on book value) will have a shortage of resources for investment and therefore pay higher dividends but not significantly. Highly profitable companies will have more resources to pay more dividends.

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