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Does the Impact of CEO Duality on Corporate Entrepreneurship in Privatized Vietnamese Firms represent a Strategic Agility Orientation? No, but potentially Yes!

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Summary

This study examines if the impact of CEO duality (a chief executive operating chair of board and leader of a firm) of newly privatized Vietnamese firms on the level of corporate entrepreneurship represents a position of strategic agility is achieved, and concludes dissentingly. Data from a survey of 114 CEOs of board and top management team members in privatized firms in Vietnam were collected and examined through a combination of agency theory and stewardship theory. The research finds that independence between the chair and CEO does not necessarily lead to a higher degree of entrepreneurial activity in privatized firms. The results have policy implications for shaping corporate governance, and management implications for firms striving to be competitive, in ways that advance corporate entrepreneurship in economies such as Vietnam that are both emerging and pursuing privatization.

Keywords: Strategic agility, privatization, CEO duality, corporate entrepreneurship

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INTRODUCTION

The need to build and sustain high performance organizations is of growing importance in the world. This is against the background of major economic turbulences and uncertain political environments. While the organization studies literature has focused on new theory as organizational resilience that is more appropriate for the larger corporations that can afford to build it into their processes, the smaller enterprises need look to different management principles to stay on track in the case of adversity. The relatively nascent and emerging literature on strategic agility deals with individual firms' ability to concentrate on achieve their strategic vision, while remaining agile in their approach (Lewis et al., 2014). This imperative is driven by increasingly competitive environments, in which a leader's ability to make decisions quickly is important, but which often requires trade-offs with respect of the position held. This has meant a firm must have the ability to sense external ecosystems and internal activity while making the appropriate amendments to, or switching between, business models (Doz and Kosonen, 2010).

Despite the recent attention to this emerging phenomenon (see for example, Weber and Tarba, 2014), research has focused on it at a micro-firm level to understand its antecedents and influences (Arbussa et al., 2017; Doz and Kosonen, 2010). However, the desired state relating to strategic agility is one attributable to an orientation of groups of firms that are striving to achieve. Hence, this article examines if firms can achieve a strategically agile orientation, by which leaders had duality in the position they hold within the governing board, while enabling the firm to achieve outcomes that encompass competitive advantage and strategic renewal. Thus, this article examines the impact of chief executives holding combined positions in a board on their corporate enterprise performance, and draws insights for understanding strategic agility at the macro-economic level (referred loosely herein as strategic agility orientation).

To put into technical terms, when chief executives officers (CEOs) go beyond a monolithic orientation of board conduct, this is CEO duality, such that a firm allows the CEO and board chair positions to be combined (Gove et al., 2017) which enables potential swiftness in making decisions. The benefits and purpose of strategic agility are similar to an established concept of corporate entrepreneurship (CE), defined formally as "a process of organizational renewal that has three distinct but related dimensions: innovation, venturing, and strategic renewal" (Zahra, 1993, p. 321). Corporate entrepreneurship has been argued as an important tool for achieving competitive advantage (Covin & Miles, 1999), enhancing international performance (Brouthers, Nakos & Dimitratos, 2015), and improving the dynamic competencies that underlie firm performance (Wiklund, 1999). Corporate entrepreneurship intrinsically involves ideas and initiatives that are new and unproven (Brouthers et al., 2015) and thus entails a high degree of risk and uncertainty (Garrett & Holland, 2015). This is similar to strategic agility in the way firms strive to respond quickly, seize opportunities and change direction.

These attributes and intended gains raise questions regarding which business governance and board-related mechanisms are most appropriate for managing and driving corporate entrepreneurship. In particular, there is some debate concerning the extent to which corporate entrepreneurship might be affected by the extent of separation from, or combination between, the functions of chair and CEO (Connelly, et al, 2010). Yet, there remains uncertainty whether combining the roles of chair and CEO (hence, CEO duality) stimulates or hampers CE. This gap in the extant research is particularly problematic for

informing economic development in transition economies, where the need and motivation to foster entrepreneurship (and achieve a strategically agile orientation) are strong.

This study addresses this gap in the context of a communist transitional emerging economy of Vietnam where the dominant nature of business dictates the need to achieve attributes achievable from a strategic agility orientation. This context is important for at least three other core reasons. First, unlike the majority of research to date on CEO duality (e.g., Adrian, Wright & Kilgore, 2017; Gove et al., 2017) that has been undertaken in WEIRD (western, educated, industrialized, rich, and democratic) economies (Henrich, Heine & Norenzayan, 2010), the present study collected data from an eastern emerging economy with a young population and fast growth rate of Vietnam. The government has substantially modified the institutional arrangements applicable to business (Santarelli & Tran, 2012) to facilitate competitive entrepreneurship. Second, Vietnam reformed its system of state-owned enterprises (SOEs) by implementing privatization schemes for many but not all industries, creating a wide range of ownership structures, so it might be the case that achieving a strategically agile orientation is possible in some industries exhibiting various characteristics. Given this context, entrepreneurship has been blooming in this emerging economy (Nguyen, Sullivan Mort, & D'Souza, 2015). Third, Vietnamese policy makers continue to devise laws, regulations, policies and programs to encourage innovation and growth (Aubert, 2005). In this way, Vietnam serves as an applicable and timely setting for an empirical investigation of the influence of corporate governance structures on corporate entrepreneurship in a developing economy undergoing transition with firms wanting to achieve high competitiveness, efficiencies (and thus strategic agility). Understanding the drivers of corporate entrepreneurship in Vietnam's dynamic economic setting will inform policy makers and interested researchers.

Three main contributions are offered by the study. First, it advances corporate governance research by suggesting that the longstanding and dominating theories, such as agency theory or stewardship theory, are not the only that can help predict and explain corporate governance in transition economies like Vietnam. Instead, the present research argues that the standard agency-theoretical model alone is inadequate and researchers must look to such emerging ideas as strategic agility, and suggests how the impact of CEO duality on corporate entrepreneurship in the specific context of Vietnam is achieving the strategic agility orientation. Second, the study provides management and policy insights for shaping corporate governance in ways that foster corporate entrepreneurship in privatized firms in emerging economies. And last, this study challenges the notion of publication bias – namely that journals tend to publish only significant results (Homburg & Bui, 2013) while non-significant results, if studies are well designed, are still valid and add value to the literature.

THEORETICAL BACKGROUND

As Vietnam is a transitioning economy and have undergone significant policy and economic restructuring in the past few decades, the focus has recently been on how best to manage effectively and become competitive, particularly for (mainly privatized) firms against their international counterparts. The idea that firms should try to achieve strategic agility has recently emerged that to concern the ability of firms to remain on track to achieve their strategic objectives while remaining nimble (Doz and Kosonen, 2008). The more recent definition by Weber and Tarba (2014), “the ability of management to constantly and rapidly sense and respond to a changing sense and respond to a changing environment by

intentionally making strategic moves and consequently adapting the necessary organizational configuration for successful implementation” (p.7), has close resemblances and gives rise to how it can be measured in the form of corporate entrepreneurship (CE). Given the vast majority of Vietnamese firms are privatized and smaller enterprises, by understanding these firms make it an appropriate group of corporations to research the impact on CE and how the situation can represent that of strategic agility. This is a stark difference from conventional western research that had preferred single case examples to understand the leadership behaviors that represent strategic agility (eg. Doz and Kosonen, 2008; Arbussa et al., 2017).

In such research, the roots of strategic agility go back to effective and flexible systems, such as those of the Toyota Production System (Adler et al., 1999), and the importance to associate with leadership styles (Lewis et al., 2014). However, what has not been researched is the characteristic of CEO duality as a form of leadership style on the ability to maintain strategic direction and remain flexible in response to external environmental conditions. A traditional approach has been in the form of agency theory, particularly where it is found that remuneration committees of CEOs are more aligned with achieving strategic direction for companies with top management board that are more outsider-dominated (Conyon and Peck, 1998).

Agency theory has been the central literature base in many scholarly debates on the issue of the effectiveness of CEO duality as an internal governance mechanism (see Eisenhardt, 1989). Dominating corporate governance research, agency theory assumes managers are self-serving, individualistic and bounded by rationality, and may behave opportunistically at the expense of the interests of shareholders (ibid). Presumably, the goals and risk preferences of shareholders and agent managers are incongruent (Berle & Means, 1932), a divergence that generates agency costs (Fama, 1980; Jensen & Meckling, 1976). In this way, a system of CEO duality is unlikely to benefit all stakeholders, and decisions made are perhaps less in touch with the outside interests of the firm. The effectiveness of the use of agency theory in researching CEO duality and orientations of effectiveness have been extensively researched. For example, Finkelstein and D’Aveni (1994) find that CEO duality is most commonplace in situations where leaders do not otherwise have high power, but take a more singular role if the firm’s performance is already high.

In a similar vein, stewardship theory posits that individuals are motivated not only by self-interest and economic considerations but also by self-actualization through intrinsic rewards attained through work and the achievement of personal values and goals (Davis, Schoorman, & Donaldson, 1997a; Donaldson, 1990). In theory, agents act as an organization’s stewards, committed to the attainment of company (and collective) objectives. If the interests of the stewards are not aligned with those of the owners, the former will “place a higher value on cooperation than defection” (Davis et al., 1997a, p. 24); they will be more inclined to prioritize and pursue their organization’s interests (Donaldson & Davis, 1991). In principle, managers/leaders act as good stewards of corporate assets and are loyal to the company. Misangyi and Acharya (2014) find the CEO incentive alignment depends and success of CEO singularity/duality depends on how well it combines with other mechanisms within the governance bundle. Their exploratory qualitative study indicates some governance systems are substitutes and some are complements, but CEO incentives are complementary and support a duality role if the overall governance bundle is sound.

In this way, the present study does not re-research sound contributions on either agency or stewardship theories, but borrows their basic premise to guide hypotheses for the context of transitional economies as the strategic agility literature is more nascent and has its

close resemblances in this context. The benefits are because, first, agency theory and stewardship theory offer slightly different perspectives on human behavior (Davis et al., 1997a) which make them complementary rather than competing ideas, as each is more applicable to certain executives and situations (Wasserman, 2006); and second, existing research on CEO duality is indifferent in the support of either agency theory or stewardship theory (Jackling & Johl, 2009), making them neutral in throwing light on understanding the impact on CE (and strategic agility orientation).

CONTEXT & HYPOTHESIS DEVELOPMENT

A suggestion supported by agency theory is that the separation of power between CEO and chair is positively related to long-term decision-making, and therefore improves firm performance (Barnhart, Marr, & Rosenstein, 1994; Daily & Dalton, 1994). However, empirical studies provide evidence of a negative effect of CEO duality on risk-taking and firm performance. Taking the latter as a dependent variable, this negative effect is evident both in developed economies (Ellstrand, Tihanyi, & Johnson, 2002; Kiel & Nicholson, 2003; Rechner & Dalton, 1991) and in developing economies such as China (Liu, Miletkov, Wei & Yang, 2015). With regard to long-term investment decisions, Zahra, Neubaum and Huse (2000) found a negative effect of CEO duality on CE, suggesting the CEO may behave opportunistically and influence the firm to reject investment in CE.

Privatized firms in Vietnam, emerging as they have from State-owned enterprises and moving to an entirely new competitive environment, may be subject to less managerial supervision (Bolton, 1995). Fama and Jensen (1983) state that ownership and control are more a case of union than separation in young entrepreneurial firms may be more applicable to the Vietnamese case; executives of newly privatized firms may see themselves more company owners than agents.

Stewardship theory, by contrast, seems more applicable to organizations in which weak control systems dictate trust as the basis of collective and collaborative work (Davis, Schoorman, & Donaldson, 1997b). Given the underdeveloped nature of Vietnam's market institutions, trust is more likely to exert a significant force among actors in a business relationship than in an economy where market institutions are better established (Nguyen & Rose, 2009). Trusting climates established in these organizations create opportunities for managers to behave as stewards (Eddleston, Chrisman, Steier, & Chua, 2010; Van Slyke, 2007).

Vietnam's entrepreneurs have historically operated within a hostile institutional environment, i.e., in the almost complete absence of formal institutions (Nguyen, 2005), making it difficult to be more creative or have the freedom in considering strategically agile orientations of business, such as sensing environments (eg. Doz and Kosonen, 2010), etc. However, the country's environment has gradually become more conducive to entrepreneurship and the need to reflect external competitive environments, allowing the freedom to experiment with business models and leadership orientations that are often seen paradoxical (see Ivory and Brooks, 2018). Vietnam has established herself as a prime example of robust growth (McMillan & Woodruff, 2002). *Doi Moi* has significantly facilitated the building of market institutions and infrastructure through various laws and regulations and the provision of support for the private sector (Nguyen, 2005). These institutional developments have created a favorable environment for entrepreneurship and the number of private enterprises has increased dramatically, from 414 private firms in 1990 to 69,874 in 2012 (General Statistics Office of Vietnam). By the end of the 2000s, market

conditions had changed markedly, and access to markets and buyers had become increasingly favorable (Steer & Sen, 2010). Undoubtedly, the private sector has played an important role in Vietnam's economic growth and competition models have become key in ensuring the firms' survival.

Corporate governance in Vietnam is significantly affected by institutional arrangements rooted uniquely in the country's political system and ideology. The corporate governance system is regulated by Vietnam's 1999 Enterprises Law, 2005 Enterprises Law and 2005 Securities Law. Vietnamese corporate governance incorporates several different legal systems; although Anglo-American company law principles are now becoming dominant (Gillespie, 2002), a mix of influences continues. While corporate governance standards award the CEOs of privatized firms the power of an agent, this is not the case in reality. Many CEOs of privatized Vietnamese firms held a management position in former state-owned enterprises (Vu, 2005), before privatization (Gainsborough, 2009). Such CEOs may be advantaged in their position in the privatized firm because they understand how the business works and have connections with many of the business' stakeholders.

Given that the government can retain a considerable proportion of its stake in privatized companies, it is appropriate to examine corporate governance in terms of the role of the State vis-à-vis the board. Privatized firms can be categorized into three types according to the degree of state control: *majority share*, *minority share* and *no control*. Where the State owns more than 51 per cent of the capital share, firms are referred to as majority shareholding firms; those with less than 51 per cent retained by the state are minority shareholding firms. In majority shareholdings, the controlling agencies appoint the directors and have veto power over their appointment. Notably, the Chief Party Secretaries (the Communist Party's ideological leads in those companies) of these agencies also have the responsibility for approval of those appointments. Consequently, except for the firms where the state has minority or no share, boards of directors of privatized firms tend to be dominated by representatives of the controlling agencies, which include the ministries and state capital management agencies or local government.

Social culture is another important factor. In Vietnam's firmly embedded East Asian culture, social collectivism is prevalent (Bui & Baruch, 2012). Therefore, the success of one's organization may be considered more important than individual achievements. Executives in this context typically have a long tenure, with a commensurately strong commitment and sense of duty to the company as a collective organization. Such executives may, therefore, feel bound to their company's performance and take the credit for its organizational success. Such success is beneficial to the executives' careers, making them less likely to forego longer-term opportunities for the company for the sake of short-term investment returns. Taken together, these influences might be expected to reinforce stewardship theory.

However, CE seems to be fairly new to Vietnamese firms due to the history of a close and planning economy. Firms tend to prefer short-term approach based on net profit rather than business growth (Swierczek & Thai, 2003). In addition, culturally due to the agriculture of small rice paddles in the North, Vietnamese people lack vision for long term development (Tran, 1999). This questions the extent to which a strategically agile orientation can be truly achieved, where the idea is to remain forward looking in the form of strategic direction but maintain a flexible business model (Arbussa et al., 2017). In other words, businesses do not tend to invest in long term investment, such as R&D, innovation, or venturing. This can reflect onto business where firms lack commitment to CE.

In short, the above roles of agent and steward seem like push and pull factors, are not clear which direction has stronger impact. This triggers our investigation in a context of privatization such as Vietnam. The present study proposes the following hypothesis:

In newly privatized firms like in Vietnam, CEO duality is not significantly associated with corporate entrepreneurship.

METHODOLOGY

Method and Sampling

The direction and magnitude of relationships between CEO duality and the two dimensions of corporate entrepreneurship (innovation and strategic renewal) was analyzed for a sample of Vietnamese privatized firms at a single point in time. The sample population comprised all types of privatized firms in Vietnam, including those sold to the public through share issues, and firms sold to individuals and organizational investors. The sample was limited to firms that had been privatized for at least three years. Moreover, only firms with CEOs who had worked for the firm for at least a year at the time of the study were included.

To obtain information relating to the variables in the model, a combination of survey methods and secondary sources to avoid common method bias (Podsakoff MacKenzie & Podsakoff, 2012) was employed. A structured questionnaire survey, which collected data on the two dimensions of CE, was supplemented with archival data on board characteristics and ownership structures. These companies' data were collected separately in order to limit the length of the questionnaire. A firm's proxy statements were used to collect detailed information about CEOs, chairmen, and board composition. For the listed companies, data were obtained through the Internet, while data for non-listed firms were collected directly from those firms. The data covered the three-year period from 2010 to 2012. The total amount of time spent on data collection was a year.

Because of the challenges of surveying top managers (Cycyota & Harrison, 2002) in gathering quantitative data, a convenience sampling method was employed. Since convenience sampling risks selection bias (Van Meter, 1990), all possible steps were taken to ensure the diversity of board composition, ownership structure, location and size. As mail and telephone surveys often have poor response rates, an *in-person survey* (Patton & Baker, 1987) was conducted. Ultimately, 173 CEOs were contacted; 130 CEOs agreed to participate in the survey interview; and full data sets from 114 firms were collected.

Measures

Given the debate about the definition and measurement of corporate entrepreneurship, the relevant literature to select appropriate instruments for use in this study was carefully reviewed. The study adapted two measures developed by Zahra (1996), namely innovation and strategic renewal performance (ie. the two dimensions). The details are provided at Appendix 1. *CEO duality* is a dichotomous variable that takes the value of 1 if the CEO and board chair are separate individuals; the variable takes the value of 0 if the CEO also serves as the company's board chair. Guided by previous studies on corporate governance and corporate entrepreneurship (e.g., Zahra, 1996; Zahra et al., 2000), the following control variables were included: firm age, firm size, industry type, and geographical location. Data to operationalize the controls were collected from various sources, company websites and company annual reports.

Analytical Procedures

Correlations among all variables are presented in Table 1. The highest correlation values are .52, at the moderate level. The high VIF indicator is 4.12, much lower than the ‘rule of thumb’ of 10. Therefore, multi-collinearity is not a concern in this study. The data set was also screened to ensure that assumptions of normality were not violated.

Insert Table 1 here

Multiple regression using STATA software to estimate the models was employed. First, this utilized ordinary least squares (OLS) regression for the continuous dependent variables (i.e., innovation, strategic renewal performance), computing standard errors that are robust to departures from homoscedasticity. To reduce potential multi-collinearity and enhance the interpretability of coefficients, the variables used in the interactions prior to creating the product terms (Cohen, Cohen, & Stephen, 2003) were standardized. To address the problem of outliers, the results from the robust regression were reported, which generates OLS estimates that are robust to the presence of outliers. To protect against multi-collinearity, the procedures outlined by Neter, Wasserman, and Kutner (1989) were followed and variance inflation factors (VIFs) were used to test for collinearity. Checks for violations of the assumptions in the regression analyses yielded no substantial concerns.

To reduce the noise per degree of freedom, control variables and independent variables, respectively, were iteratively tested and parsed. This approach was employed in previous studies which tried to preserve degrees of freedom in models with small numbers of observations (Bergman & Feser, 2001). The tables do not report the additional models that re-examine the influence of control variables when insignificant independent variables are eliminated. Generally, the parameters are consistent across alternative specifications.

RESULTS & DISCUSSION

Separate analyses were conducted for models relating each measure of dependent variable, corporate entrepreneurship, namely innovation and strategic renewal performance. Table 2 shows the regression results.

Insert Table 2 here

Table 2 shows a number of interesting findings related to CE. First, CEO gender does not seem to have any impact on firm’s innovation ($\beta = -.01$, $p = .90$), but slightly have impact on firm’s strategic renewal performance ($\beta = .15$, $p = .10$). It means that female CEOs tend to have better strategic renewal performance than male counterparts. Second, CEO age has significant impact on firm’s innovation ($\beta = .24$, $p = .04$), but not on firm’s strategic renewal performance ($\beta = -.14$, $p = .22$). This means that among the age range of 35 and 65, the older CEO is, the more innovation the firm shows. Third, CEO education

shows to have impact on both firms' innovation ($\beta = .29, p = .00$), and firm's strategic renewal performance ($\beta = .19, p = .05$). These results show that the higher qualifications that CEOs possess, the higher level of CE the firms show. Fourth, firm's location has impact on firms' innovation ($\beta = -.18, p = .04$), but not on firm's strategic renewal performance ($\beta = .01, p = .88$). This means firms that are located in big cities such as Hanoi, Ho Chi Minh, Can Tho, and Hai Phong show to be more innovative than those in smaller cities, such as Dong Nai, Tay Ninh, Hai Duong, Vinh Phuc, Quang Nam, Long An, or Binh Duong. Fifth, CEO's tenure in firm, the size of the firm, firm assets, whether firms trade on stock market, or the size of the board do not have any significant impact on either firm's innovation or firm's strategic renewal performance. Last but importantly, CEO duality neither has any impact on firm's innovation ($\beta = -.13, p = .19$), nor firm's strategic renewal performance ($\beta = -.12, p = .21$). The results show that no significant relationships were found between CEO duality and two dimensions of corporate entrepreneurship. The hypothesis is supported.

Because of the small sample size ($N = 114$), the results may suffer limitations in terms of statistical power. Therefore, a post hoc analysis was conducted to calculate the statistical power for the models that we have tested. The results suggest that both Models 1, and 2 have observed statistical powers of 1.00, which are above the acceptable threshold of .80 (Hair et al., 2010). Thus, the results do not suffer from this limitation.

As CEO duality has no impact on the two measures of corporate entrepreneurship, this supports the notion that "organizational changes occur as the result of processes that make organizations more similar without necessarily making them more efficient" (DiMaggio & Powell, 1983, p. 147), which challenges existing studies in developed economies (e.g., Zahra et al., 2000). Furthermore, the complementary union of agency and stewardship theories results in no significant associations between CEO duality and corporate entrepreneurship (cf. Le Breton- Miller and Miller, 2009), possibly because the benefits and disbenefits are traded-off each other.

CONCLUSION & LIMITATIONS

So, what does this mean for understanding strategic agility, and if Vietnamese firms operate such an orientation? As the empirical study find that CEO duality has no impact on corporate entrepreneurship, it would suggest that from a macro-economic level, Vietnamese firms would not be operating a strategic agility orientation of keeping strategic direction and averse of competitive environmental conditions. This would also imply, CEOs operating dual roles or not of a firm's leader and chair of its board does not respectively represent the specific acts of achieving strategic direction by leading the firm and reflecting on the external environment as director of its board. While for the present research the case of Vietnamese firms has not indicated a strong representation of strategic agility orientation, it does not suggest in principle the position of CEO duality cannot for different contexts do so, which is an avenue for follow-on future research.

Theoretical implications

This study is consistent with Filatotchev's (2008) idea that there is no universal "best way" to achieve corporate governance effectiveness; each institutional environment is distinctive.

Borrowing usefully from stewardship theory and agency theory has helped explain for the context of Vietnam that CEO duality is actually indifferent to CE.

This finding is important in terms of theory development for two reasons. First, researchers in governance, corporate entrepreneurship and strategic orientation might need to understand the phenomenon in the context of fast developing economy with a communist political system differently. In other words, the independence of board director does not help CE in such a context where many top managers have worked for state-owned companies and the power of the state is still large in the economy (Nguyen & van Dijk, 2012). Second, this study seems to show that the contextual factors, such as the economy's history and societal culture might possibly lend insightful explanations, which need further studying in the area.

Though not fully, this study also partly reveals some insight into the applicability of stewardship theory, suggesting that it might be more applicable in the early stage, right after the privatization to set the CE direction for the firm. This insight is consistent with the argument that young ventures are less control-oriented than more mature ones, so stewardship theory is better applied to new ventures than to mature ones (Wasserman, 2006). For the context of strategic agility, this suggests that business models should be set up early on before firms become more established making it difficult to adjust after a while in operation.

In addition, the findings of this study are also evidence for non-publication bias (Homburg and Bui, 2013). It shows that a non-significant research result actually indicates a problem in the real world. This needs further research attention to develop relevant theory to explain and improve the issue.

Practical implications

One of the practical implications of this study is to increase the awareness of the importance of CE among businesses in Vietnam. This helps them to plan for strategic development with a focus on innovation and competitive strategic renewal.

In addition, the findings has important implications for Vietnam and its efforts to employ a modern corporate governance model when issuing policies for public companies, and similar developing country contexts. For instance, the findings do not support current policies, which encourage firms to separate the top two positions and adopt more independent non-executive directors onto their boards. Therefore, this study calls for special attention to the current trend of non-CEO duality and independent external directors in legacy. The government may need to review policies relating to corporate governance applied to public firms because those policies might not have stemmed from the practice of Vietnamese firms.

In addition, the government should make substantial improvements in external corporate governance mechanisms, as suggested by Walsh and Seward (1990), because internal governance is only a part of a larger bundle of governance practices (Yoshikawa, Zhu, & Wang, 2015); this is the essence of strategic agility. Instead of forcing firms to adopt common rules, the government should strive to strengthen external corporate governance, such as developing strong capital markets, building effective markets for corporate control and active take-over markets, and issuing strong regulations to protect small investors, so that at least the external environment resembles more closely western ones that are more open to competitive dynamics.

Lastly, this study suggests there are both advantages and disadvantages when having two roles held by one person, suggesting that CEO duality has no impact on corporate entrepreneurship. CEO duality seems to be contingent on organizational factors (Boyd,

1995) or on environmental factors (Peng et al. 2007). As such, based on the specific context of each firm, the firms should choose the appropriate mechanisms that suit them, rather than just follow the Anglo-American models. When the firms are of a small size and at the initial stage, after privatization, the combination of two roles may be more beneficial, because power is concentrated in one person, making decision making quicker. When the firms become larger and move further into market-oriented forms, the two roles should be assumed by two individuals because, at that time, the attitude of stewardship may decrease. There needs to be more monitoring over management, as well as incentives for managers to bear more risks. When and assuming this takes place, it would seem from the findings, the likelihood of CEO duality would diminish and strategic agility would be achieved. Vietnamese managers might usefully recognize from the results that female managers better facilitate strategic renewal, and other control variables that have positive impact on innovation are CEO age, education and favorable locations. These factors have yet to feature in the strategic agility literature, despite micro-foundational attributes like sense making and ability to seize opportunities (Doz and Kosenon (2008).

Limitations and future research

Remaining limitations in the methodology should be kept in mind when interpreting the study's findings and contributions. First, the cross-sectional approach does not allow for causal inferences to be made from the endogenously chosen governance, ownership and outcome variables. Future research could employ longitudinal data, which may offer new insights into the complex relationships among corporate governance and corporate entrepreneurship. Second, as this study focuses only on privatized firms, the results may not be generalized to other types of firm which do not exhibit similar characteristics. In general, board dynamics in public firms may be different from those in privatized firms. Third, as this study is based on a single country, one should be cautious about generalizing the findings to other contexts. Future research is needed to determine whether the constructs and measures used here are appropriate for other transition economies. Indeed, as entrepreneurial activities are complicated and vary significantly, the same measures should not be used in all types of research (Zahra & Wright, 2011). For example, as investments in R&D are rare in Vietnam, the inclusion of this item in the innovation construct makes it difficult to validate the measures. Moreover, as suggested by Tian and Lau (2001), it is essential to develop better concepts and measures of corporate governance in relation to specific countries. Lastly, this study has used its attributes to liken the loose conditions of strategic agility which are relatively nascent in literature, the contributions of which should be interpreted with a degree of caution even if interesting and insightful.

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Table 1: Correlations between Variables

Variable	Mean	SD	1	2	3	4	5	6	7	8	9	10
1. Innovation	2.32	1.28	(.85)									
2. Strategic Renewal	3.55	1.16	.56**	(.74)								
3. CEO duality	.59	.51	-.12	-.23								
4. CEO gender	1.07	.26	.11	.23*	-.11							
5. CEO age	51.96	7.53	-.01	-.24**	.25**	-.02						
6. CEO education	3.13	.53	.30**	.26**	.04	.06	-.31**					
7. CEO tenure	19.12	10.00	.05	.07	.05	.03	.49**	-.14				
8. Firm location	2.43	1.11	-.36**	-.18	.15	-.03	.15	-.21*	.02			
9. Trade on stock market	.30	.46	.33**	.30**	-.23*	.19*	.06	.02	.12	-.12		
10. Board size	4.94	1.47	.33**	.37**	-.13	.16	-.05	.07	.20*	-.15	.41**	.03

* $p \leq .05$; ** $p \leq .01$; Cronbach Alpha values in brackets; SD: standard deviation

Table 2: Results of Regressions

Variables	Innovation (Model 1)			Strategic Renewal Performance (Model 2)		
	β	ε	p	β	ε	p
Intercept		2.56	.06		2.4	.51
<i>Control</i>						
CEO gender	-.01	.42	.90	.15*	.39	.10
CEO age	.24**	.02	.04	-.14	.02	.22
CEO education	.29***	.22	.00	.19*	.21	.05
CEO experience in firm	-.05	.01	.61	.14	.01	.19
Firm size	.17	.00	.09	-.00	.00	.98
Firm location	-.18**	.11	.04	.01	.10	.88
Firm assets	.16	.20	.21	.20	.19	.14
Trade on stock market	.20	.30	.07	.15	.28	.18
Board size	.13	.09	.21	.16	.09	.15
CEO duality	-.13	.25	.19	-.12	.23	.21
R^2	.36			.33		
F	1.7			1.6		
N	114			114		

Appendix 1: Corporate Entrepreneurship Scale

Dimensions	Items
Innovation (Cronbach Alpha is .85)	You spent heavily (well above your industry average) on research and development
	You introduced a large number of new products/services to the market
	You pioneered the development of the products/services that are NEW to the firm and NEW to the Vietnamese market
Strategic renewal (Cronbach Alpha is .74)	You changed your competitive approach (strategy) for business units
	You initiated several programs to improve the productivity of your business units
	You reorganized operations to ensure increased coordination and communication among your business units