MINISTRY OF FINANCE

UNIVERSITY OF FINANCE – MARKETING

THE IMPACT OF TAX AVOIDANCE ON FIRM VALUE THROUGH THE MODERATING ROLE OF STAKEHOLDERS IN LISTED COMPANIES ON THE VIETNAMESE STOCK MARKET

Major: Finance – Banking

Code: 9 34 02 01

SUMMARY OF ECONOMICS DOCTORAL THESIS

HO CHI MINH CITY – 2026

The thesis is carried out at: University of Finance – Marketing

Supervisors 1: Assoc. Prof. Dr. Pham Tien Dat

Supervisors 2: Assoc. Prof. Dr. Diep Gia Luat

Independent reviewer 1: ....

Independent reviewer 1: ....

Reviewer 1: Prof. Dr. Nguyen Thi My Linh

Reviewer 2: Prof. Dr. Le Thi Thuy Hang

Reviewer 3: Prof. Dr. Duong Dang Khoa

The thesis will be defended before the university-level thesis evaluation council meeting at University of Finance – Marketing

At 08:00 A.M., December 21, 2025

The thesis can be referred at the library:

1. Library of the University of Finance – Marketing
2. National Library of Vietnam

LIST OF PUBLISHED RESEARCH PAPERS RELATED TO THE THESIS

No.	Research work	Year of Publication	Notes
1	Pham Thanh Luan, Pham Quoc Viet, & Diep Gia Luat (2025). The impact of tax avoidance on firm value and the moderating role of tax risk in Vietnam. *Journal of Economics – Law and Banking*, 27(10), September 2025, No. 282. DOI:10.59276/JELB.2025.09.2812	2025	
2	Pham Thanh Luan, Pham Quoc, Diep Gia Luat (2025). Customers moderate the impact of tax avoidance on firm value in Vietnam, *Journal of Finance & Accounting Research*, No. 05 (30)-2024, 100-104, Doi:10.71374/jfar.v25.i2.22	2025	
3	Pham Thanh Luan, Pham Quoc Viet, Diep Gia Luat, & Dinh Thi Nhung (2024). The impact of tax avoidance on firm value through the moderating role of stakeholder pressure in Vietnam. *Journal of Economics and Forecasting*, *e-ISSN: 2734-9365,* December 2024 (893), pp. 64–67.	2024	
4	Pham Thanh Luan, & Pham Quoc Viet (2024). The impact of stakeholder pressure on corporate income tax avoidance behavior. *Journal of Finance,* Issue 1 – October 2024 (834), pp. 90–92.	2024	
5	Pham Thanh Luan (2024). The moderating role of institutional ownership in the relationship between tax avoidance and firm value in Vietnam. *Journal of Economics and Forecasting, e-ISSN: 2734-9365*, October 2024. Retrieved from https://kinhtevadubao.vn/co-dong-to-chuc-dieu-tiet-tac-dong-cua-tranh-thue-den-gia-tri-doanh-nghiep-tai-viet-nam-30021.html	2024	

ABSTRACT OF THE THESIS

Corporate income tax avoidance refers to activities aimed at minimizing the amount of corporate tax payable. Enterprises employ tax avoidance as a tool to reduce operational costs. Through related parties such as certain characteristics of the board of directors, the chief executive officer (CEO), ownership structure, customers, and suppliers, especially via transactions with related parties (e.g., customers: revenue from sales of goods and services to related parties; suppliers: purchases of goods and services from related parties, measured by accounts payable to related-party sellers), enterprises conduct tax avoidance with the aim of optimizing their tax liabilities, thereby increasing post-tax cash flows and enhancing firm value. However, excessive reliance on related-party factors, particularly transactions that are not conducted at arm's length can expose enterprises to tax risks and adversely affect business performance. Overuse of tax avoidance strategies to minimize tax obligations may lead to revenue loss for the state budget, pose challenges for tax administration, and create inequality among enterprises in fulfilling their tax responsibilities. Therefore, this thesis examines the impact of tax avoidance on firm value through the moderating role of related parties in listed companies on the Vietnamese stock market, with the aim of providing theoretical foundations, empirical evidence, and policy implications related to this topic.

Based on a research sample of 397 listed companies on HOSE and HNX from 2015 to 2022, with data collected from financial statements particularly, related-party transactions manually extracted from the notes to the financial statements, this thesis employs OLS, FEM, REM, and two-step system GMM estimation methods to examine: (i) the impact of related parties on tax avoidance; (ii) the impact of tax avoidance on firm value through the moderating role of related parties; and (iii) the impact of tax avoidance zones on firm value, also through the moderating role of related parties. With the support of Stata 16 software, the main findings of the thesis reveal that:

(1) Related parties have a significant impact on corporate tax avoidance. A key finding of this thesis is that firms engage in tax avoidance by conducting transactions involving the purchase and sale of goods and services with related parties to minimize tax liabilities. Furthermore, robustness checks confirm these results, particularly for the supplier-related variable. However, the effect of customer-related factors on tax avoidance appears inconsistent when the monitoring environment represented by external audit quality changes.

(2) Related parties specifically, customers (measured by the ratio of related-party revenue to total revenue) and institutional shareholders (measured by the proportion of institutional ownership to total shares) moderate the positive relationship between tax avoidance and firm value in Vietnam. In particular, customer-related transactions amplify the positive impact of tax avoidance on firm value by facilitating non-arm's length transactions aimed at optimizing tax obligations to enhance firm value. Conversely, institutional shareholders attenuate this relationship. Their involvement in tax avoidance may increase firms' exposure to tax risks in pursuit of short-term objectives and create reputational risks. If institutional shareholders face legal or regulatory issues, investor perceptions of the firm may deteriorate, ultimately reducing firm value. Robustness tests for this model yield consistent results with the baseline findings.

(3) Moreover, the thesis finds that customer-related parties (proxied by the ratio of related-party revenue to total revenue) moderate the relationship between tax avoidance zones and firm value. Specifically, in high- and medium-risk tax avoidance zones, this relationship becomes negative, whereas in low-risk or safe zones, the relationship is positive. This suggests that excessive reliance on related-party sales transactions increases firms' tax risks, exposes them to greater scrutiny from tax authorities, and leads to negative investor sentiment resulting in a decline in firm value.

These findings contribute to the academic literature by (i) incorporating related-party transactions into tax avoidance models; (ii) introducing customer and institutional ownership as determinants of tax risk moderating the relationship between tax avoidance and firm value; and (iii) extending the framework by examining how tax avoidance zones affect firm value under the moderating role of related parties. The thesis also provides empirical evidence from the context of Vietnam. Finally, it offers several policy implications: for investors in managing risk and selecting high-quality stocks; for corporate managers in optimizing tax strategies while mitigating tax risks; and for tax authorities in strengthening oversight and effectively preventing non-compliant behavior by taxpayers.

Keywords: related parties, institutional shareholders, firm value, customers, tax avoidance, tax risk.

CHAPTER 1. RESEARCH INTRODUCTION

1.1. Rationale for the Research Topic

Tax is a factor that is always taken into consideration by both individual and corporate taxpayers, as it is viewed as a cost. Corporate taxpayers consistently seek to reduce their tax burden. One of the approaches employed by corporate taxpayers to lessen this burden is tax avoidance. Tax avoidance refers to actions undertaken to minimize tax obligations by exploiting loopholes in tax laws, and thus is considered legal (Xynas, 2011). It is regarded as a part of corporate strategy (Hanlon & Heitzman, 2010). Typically, tax avoidance shifts wealth from the government to firms and thereby increases firm value (Slemrod, 2007). Firms often utilize stakeholders such as characteristics of the board of directors (BOD), chief executive officers (CEOs), major shareholders, customers, and suppliers in implementing tax avoidance strategies (Kovermann & Velte, 2019; Lubis et al., 2023). While tax avoidance can enhance firm value, the excessive use of stakeholders in such activities may give rise to tax risk, and this tax risk can, in turn, weaken the relationship between tax avoidance and firm value. However, (1) the influence of stakeholders on tax avoidance remains controversial, with empirical studies producing inconsistent findings; and (2) in the context of firms engaging in tax avoidance, identifying which stakeholders contribute to tax risk and whether such risk moderates the effect of tax avoidance on firm value is still debated and inconclusive in empirical research. Therefore, this doctoral thesis is conducted from both a practical and academic perspective to clarify these issues.

From a practical perspective, related parties (RPs) not only influence TA but also moderate the relationship between tax avoidance and FV. The rapid development of Industry 4.0 and the digital economy has created favorable conditions for firms—particularly multinational enterprises—to intensify tax avoidance strategies based on related-party transactions that deviate from the arm's length principle. As firms increasingly rely on intangible assets, reduce their physical presence, and expand cross-border transactions through digital platforms, the traditional link between the location where economic value is created and the jurisdiction where taxes are levied has been progressively weakened. This enables firms to allocate profits to related entities located in countries or territories with low tax rates, even when substantive value-creating activities take place in high-tax jurisdictions. International experience shows that large corporations such as Apple and Amazon have leveraged intra-group transactions—especially those involving intermediate goods, intra-group services, and intangible assets—to recognize profits in jurisdictions offering preferential tax regimes, such as Ireland or Luxembourg. In these cases, related-party transactions are often priced in ways that do not fully reflect market conditions, thereby shifting profits in a manner that is formally legal but substantively constitutes tax avoidance. This practice poses significant challenges for governments in ensuring that tax revenues are aligned with the locations where economic value is genuinely generated (Institute for Economic and Policy Research, 2020).

In Vietnam, the trend of tax avoidance through related-party transactions that do not comply with the arm's length principle has become increasingly evident amid deep economic integration and rapid digital transformation. According to the Institute for Economic and Policy Research (2020), tax avoidance within the corporate income tax (CIT) framework is not only widespread but also growing more complex, with transfer pricing through related-party transactions identified as the predominant form. Firms with related-party relationships frequently engage in unreasonable pricing of goods, services, management fees, royalties, and intangible assets to reduce taxable profits in Vietnam and shift income to affiliated entities located in low-tax jurisdictions. As a consequence, government tax revenues are substantially eroded, and the competitive environment is distorted. Estimates by the Institute for Economic and Policy Research (2020) suggest that tax evasion and avoidance result in annual revenue losses for Vietnam ranging from VND 13,000 to 21,000 billion, equivalent to approximately 6.4%–9.9% of total corporate income tax revenues, with the majority attributable to related-party transactions that fail to fully comply with the arm's length principle.

More recently, tax administration practices in Vietnam indicate that corporate tax evasion and avoidance have become increasingly sophisticated, particularly in high-risk areas such as related-party transactions, transfer pricing, e-commerce, and digital platform-based business activities. In response, the tax authority has intensified thematic audits and inspections to curb revenue losses (TBTCO, 2024). In the first five months of 2024 alone, tax authorities conducted 11,406 audits and inspections and proposed adjustments totaling VND 11,608 billion. Nevertheless, enforcement effectiveness remains constrained by prolonged audit durations and incomplete legal guidance for implementation (TBTCO, 2024).

Overall, this reality suggests that while tax avoidance may enhance firm value through the optimization of tax liabilities, tax avoidance strategies based on non-arm's-length related-party transactions also expose firms to substantial tax risks. This underscores the need for in-depth empirical research on the role of related-party transactions, tax avoidance, and firm value within the specific institutional and regulatory context of Vietnam.

From a research perspective, stakeholders influence corporate tax avoidance and moderate the relationship between tax avoidance and firm value. Specifically:

First, stakeholders affect corporate tax avoidance. According to Freeman (1984), stakeholders are not only influenced by, but also exert influence on, the firm. Stakeholder theory posits that a firm does not operate solely for its own benefit, but also serves the interests of stakeholders such as shareholders, creditors, customers, suppliers, the government, and the broader community (Ghazali & Chariri, 2007). Hill and Jones (1992) also emphasized the implicit contractual relationship between the firm and its stakeholders through "implicit contracts." Numerous studies have shown that stakeholders such as large shareholders, characteristics of the board of directors, CEOs, customers, and suppliers affect tax avoidance, though the empirical findings remain inconclusive (Kovermann & Velte, 2019; Lubis et al., 2023). In particular, buying/selling transactions between the firm and its stakeholders (e.g., customers and suppliers) may be exploited to optimize tax obligations through transfer pricing mechanisms or non-arm's-length pricing. While related-party transactions can bring benefits such as cost reduction and enhanced firm value (Chen et al., 2012), and shorten negotiation processes (Jian & Wong, 2010), they can also be abused to transfer assets, manipulate earnings, and avoid taxes. In Vietnam, recent studies have investigated various factors affecting tax avoidance, including Huynh Thi Cam Ha et al. (2016); Ha and Phan (2017); Nguyen et al. (2022); Nguyen Hoan Anh and Vu Hoang Phuc (2021); Dang and Tran (2021); Ha (2021); Bui Nguyen Kha and Hoang Dinh Dung (2022); Dang and Nguyen (2022); Tran et al. (2023). These studies typically examine factors such as board characteristics, state ownership, financial distress, revenue from related parties, and firm-specific features. Most use agency theory to explain the influence of these factors on tax avoidance behavior. However, no formal research has specifically examined the influence of customers and suppliers on tax avoidance. Therefore, in addition to using agency theory to analyze stakeholder influence on tax avoidance, this thesis also integrates agency–stakeholder theory to provide a more comprehensive explanation of this relationship.

Second, stakeholders moderate the relationship between tax avoidance and firm value. Firm value reflects the overall value of a company's assets (Damodaran, 2012), while tax avoidance is often viewed as a tool for enhancing firm value by reducing tax-related expenses. However, prior studies have reported mixed findings regarding the effect of tax avoidance on firm value, suggesting that this effect may be positive, negative, or insignificant depending on the governance context. Desai and Dharmapala (2006, 2009a) argue that tax avoidance may reduce firm value when managerial opportunism leads to the diversion of cash flows, but it can have a positive effect in firms with effective corporate governance mechanisms. Subsequent studies, such as those by Lestari and Wardhani (2015), Khaoula and Moez (2019), and Safiq et al. (2021), emphasize the moderating role of the board of directors and the CEO in the relationship between tax avoidance and firm value. In addition, customers (Wong et al., 2015; Cao et al., 2020) and institutional investors (Desai & Dharmapala, 2009b) have also been recognized as potential moderators of this relationship. However, most of these studies approach the issue from a general governance perspective without thoroughly exploring the specific mechanism of tax risk. Recent studies (Drake et al., 2019; Irawan & Turwanto, 2020; Guedrib & Marouani, 2023) have shown that tax risk may weaken the positive impact of tax avoidance on firm value. Nonetheless, these studies fall short of clarifying the origins of tax risk. Neuman et al. (2020) make a significant contribution by arguing that institutional investors and customers, through their influence on ownership structure and critical economic transactions, may serve as sources or amplifiers of tax risk within firms. In Vietnam, studies such as Ha (2021), Oanh and Gan (2022), and Le et al. (2022) have primarily focused on the moderating role of the board of directors and state ownership. Thus, the potential moderating role of institutional investors and customers through the channel of tax risk has yet to be adequately explored, particularly in the context of Vietnam as an emerging economy characterized by high levels of information asymmetry and limited market oversight. Accordingly, this thesis adopts the tax risk measures proposed by Neuman et al. (2020), with adjustments tailored to the Vietnamese context, to examine the moderating role of institutional investors and customers (as generators of tax risk) in the relationship between tax avoidance and firm value. The findings are expected to contribute to the literature by introducing additional dimensions of tax risk and providing empirical evidence for this emerging line of inquiry.

Third, there is a limited number of studies examining the moderating role of stakeholders in the relationship between different levels of tax avoidance (i.e., different tax avoidance zones) and firm value. One relevant study by Wong et al. (2015) found that related-party sales moderated the negative impact on firm value when tax avoidance levels varied (measured by changes in effective tax rates across years). While related-party sales may generally enhance firm value, when tax avoidance is carried out through irregular transactions with related parties reflected in fluctuating annual effective tax rates it can, conversely, diminish firm value. However, current research has yet to clearly differentiate specific levels of tax avoidance to assess how stakeholders (such as customers proxied by sales to related parties) moderate the effect of each level of tax avoidance on firm value. Building on the work of Wong et al. (2015), this thesis constructs tax avoidance zones (or levels) tailored to the Vietnamese context, to test how the moderating effect of stakeholders (measured by related-party sales) influences the relationship between these tax avoidance zones and firm value. In doing so, the study aims to replace the variable of fluctuating tax avoidance used by Wong et al. (2015) with a more systematic categorization of tax avoidance levels to better capture their dynamic effects on firm value under stakeholder moderation. Accordingly, the next objective of this thesis is to identify tax avoidance zones in order to examine their impact on firm value through the moderating role of stakeholders. This approach contributes to the development of a new model regarding the effect of tax avoidance on firm value, mediated by stakeholder influence, while also providing empirical evidence for this line of inquiry.

Based on the above reasons, the author has chosen the topic **"The impact of tax avoidance on firm value through the moderating role of stakeholders in listed companies on the Vietnamese stock market"** as the focus of this thesis. This study aims to enrich the literature by exploring additional factors influencing tax avoidance, identifying key stakeholder moderators in the tax avoidance–firm value nexus, and developing a model that incorporates varying tax avoidance zones into this relationship. Furthermore, the research offers practical implications for investors, corporate managers, and tax authorities in Vietnam.

1.2. Research Objectives and Research Questions

1.2.1. Research Objectives

The general objective of this thesis is to analyze the impact of stakeholders on corporate tax avoidance and to evaluate their moderating role in the relationship between tax avoidance and firm value. Additionally, the study examines the effects of different levels of corporate tax avoidance (i.e., tax avoidance zones) on firm value under the moderating influence of stakeholders, in the context of listed companies on the Vietnamese stock market. The ultimate goal is to provide practical recommendations and policy implications for investors, enterprises, and regulatory authorities in terms of investment decisions, control mechanisms, tax strategy optimization, and tax administration.

To achieve the general objective, the thesis addresses the following specific objectives:

(1) To empirically examine the impact of RPs on CIT avoidance, and to investigate the effect of corporate income tax avoidance on firm value through the moderating role of related parties in firms listed on the Vietnamese stock market.

(2) To identify different corporate CIT avoidance zones and examine the effects of these tax avoidance zones on firm value through the moderating role of related parties in firms listed on the Vietnamese stock market.

(3) To propose policy recommendations aimed at improving the effectiveness of tax governance and firm value, thereby supporting investors, corporate managers, and tax authorities in making strategic decisions.

1.2.2. Research Questions

Based on the stated research objectives, this thesis proposes the following specific research questions to address the core research issues:

1) How do related parties affect corporate income tax avoidance? How does corporate income tax avoidance influence firm value? Which types of related parties give rise to higher tax risk in Vietnam, and how do these related parties moderate the relationship between corporate income tax avoidance and firm value for firms listed on the Vietnamese stock market?

2) How are corporate income tax avoidance zones identified, and how do these tax avoidance zones affect firm value through the moderating role of related parties in firms listed on the Vietnamese stock market?

3) Based on theoretical and empirical findings, what policy recommendations can be proposed to enhance the effectiveness of tax governance and increase firm value, thereby supporting investors, corporate managers, and tax authorities in making strategic decisions?

1.3. Research Subject and Scope

1.3.1. Research Subject

The object of this dissertation is to examine the impact of corporate income tax avoidance on firms’ market value through the moderating role of related parties for companies listed on the Vietnamese stock market.

1.3.2. Research Scope

- ***Temporal Scope***:

The temporal scope of this thesis spans the period from 2015 to 2022. This research timeframe ensures an accurate reflection of corporate income tax avoidance activities and firm value, while providing a sufficiently large dataset to capture the effects of corporate tax avoidance, as well as the impact of tax avoidance on firm value through the moderating role of stakeholders.

- ***Spatial Scope:***

This thesis focuses on publicly listed firms on the Ho Chi Minh Stock Exchange (HOSE) and the Hanoi Stock Exchange (HNX) in Vietnam during the period from 2015 to 2022.

1.4. Research Methodology

This study employs a quantitative research approach using Ordinary Least Squares (OLS) estimation, Random Effects Model (REM), Fixed Effects Model (FEM), and the two-step System Generalized Method of Moments (System GMM) estimation technique.

1.5. Novel Contributions of the Thesis

The thesis on the impact of corporate tax avoidance on firm value through the moderating role of stakeholders in Vietnam makes several novel contributions both theoretically and practically. These contributions not only broaden the understanding of the relationship between taxation and firm value but also provide important insights for investors, firms, and tax authorities in investment decisions, corporate control, tax strategy optimization, and tax administration. The key contributions are as follows:

Theoretical Contributions:

- First, This dissertation contributes a novel approach by extending the research model on the determinants of corporate tax avoidance behavior. Specifically, it incorporates related-party transactions measured by accounts payable to related-party suppliers into the model. Through special relationships with stakeholders, firms may engage in non-arm's length transactions for various purposes, including tax avoidance. The use of accounts payable to related parties reflects significant purchasing activities involving materials, goods, and services, which are strategically employed to reduce tax liabilities.

- Second, This dissertation makes a novel scientific contribution by extending the analytical framework of the relationship between tax avoidance and firm value through the explicit integration of tax risk as a moderating factor. It incorporates stakeholders such as customers and institutional shareholders as sources of tax risk. While current studies often measure tax risk using the standard deviation of tax avoidance metrics, such approaches do not specify the origin of risk. By focusing on how stakeholders through their involvement in tax strategy create or amplify tax risk, the thesis demonstrates that tax risk can moderate the effect of tax avoidance on firm value.

- Third, This dissertation makes a novel scientific contribution by extending and refining the research model on the relationship between tax avoidance and firm value through an explicit examination of the moderating role of related parties, specifically customers measured by the proportion of revenue generated from transactions with related parties. The model captures the mechanism whereby firms engage in tax planning at varying levels of effective tax rates by conducting sales and service transactions with related parties, which, in turn, affect firm value. The study constructs distinct tax avoidance zones to empirically test how each zone influences firm value depending on stakeholder involvement.

Practical Contributions:

- First, the findings on the impact of related-party transactions (with customers and suppliers) on tax avoidance are significant for investors, managers, and tax authorities. In practice, tax authorities globally are increasingly focused on monitoring related-party transactions. The study reveals that firms use sales and purchases with related parties as a means of tax avoidance evidenced by increased related-party revenue and payables. These insights help investors better select tax-efficient firms, support corporate managers in planning tax strategies using related-party dealings, and assist tax authorities in overseeing firms that abuse related-party transactions for tax avoidance.

- Second, the study's results on the moderating role of stakeholders in the relationship between tax avoidance and firm value provide valuable implications for investors, managers, and tax authorities. Prior research suggests that while tax avoidance may enhance firm value in the short term via tax savings, it can pose long-term risks especially when stakeholders like institutional shareholders or customers contribute to tax risk, leading to potential legal consequences and diminished firm value. These findings assist investors in managing investment risk, guide corporate managers in minimizing tax risk through prudent stakeholder involvement, and enable tax authorities to target firms that abuse stakeholder mechanisms for aggressive tax planning.

- Third, the research findings on the impact of different tax avoidance zones on firm value through the moderating role of stakeholders are of practical relevance. The study finds that related-party sales and service transactions in high- and medium-risk tax avoidance zones reduce firm value, whereas low- and safe-risk zones enhance it. This supports investors in assessing tax risk by avoidance level, helps managers design tax plans aligned with stakeholder strategies while mitigating risk, and assists tax authorities in tax audits and investigations by identifying the risk profiles of firms operating in different avoidance zones.

1.6. Structure of the Thesis

The main content of the study is organized into five chapters. *Chapter 1 presents the research introduction. Chapter 2 reviews the theoretical framework and previous studies related to tax avoidance and firm value. Chapter 3 outlines the research methodology. Chapter 4 presents the research findings and discussion. Chapter 5 provides the conclusion and policy implications.*

CONCLUSION OF CHAPTER 1

CHAPTER 2. THEORETICAL FRAMEWORK AND PRIOR STUDIES ON TAX AVOIDANCE AND FIRM VALUE

2.1. Overview of Stakeholders, Tax Avoidance, and Firm Value

2.1.1. Stakeholders in the Firm

2.1.1.1 Definition of Stakeholders in the Firm

Freeman (1984), along with Donaldson and Preston (1995), define stakeholders as any individuals or organizations that can affect or are affected by the company's decisions and actions. This includes not only shareholders but also all parties with an interest in the firm. Similarly, Figar and Figar (2011) classify stakeholders into eight categories: investors, suppliers, employees, customers, government, communities, politicians, and trade associations.

2.1.1.2. Stakeholder Positions and Their Roles in the Firm

Stakeholder positions in the firm. Stakeholder positions are determined based on the degree of influence they exert over the company's operations. According to Donaldson and Preston (1995), stakeholders may hold different positions depending on: (1) the stakeholder's influence on the firm, (2) the extent to which they are affected by the firm, (3) the nature of their interactions with the firm, and (4) the stakeholder's capacity and power

Roles of stakeholders. De Gooyert et al. (2017) suggest that corporate activities are significantly influenced by stakeholders. Stakeholders are not merely affected parties but are also agents of influence, whose interests and concerns must be taken seriously by corporate managers in order to foster sustainable value creation.

2.1.1.3. Stakeholder Impacts and Motivations in the Firm

Stakeholder impacts. Managers are increasingly attentive to stakeholder influence, which can manifest in various forms.

Motivations behind stakeholder influence. Stakeholder impacts may arise from diverse motivations, including: (1) economic and financial interests, (2) ethical and social responsibilities, (3) long-term relationships and cooperation, and (4) legal pressures and regulatory demands.

2.1.1.4 Measuring Stakeholder Impacts in the Firm

Measuring stakeholder impacts in empirical research is inherently complex, requiring evaluation of both direct and indirect influences. Samaras (2010) introduces a stakeholder salience framework developed by Mitchell, Agle, and Wood (1997). This approach identifies and categorizes stakeholders based on the combination of three key attributes: power, legitimacy, and urgency is a model that helps assess stakeholder prominence and prioritize managerial attention.

2.1.1.5 Measuring the factors representing corporate stakeholders

2.1.2. Corporate Income Tax Avoidance by Firms

2.1.2.1. Definition of Corporate Income Tax Avoidance

In this thesis, corporate income tax avoidance is defined as a firm's engagement in activities that aim to reduce its corporate tax liabilities in order to gain tax-related benefits, without engaging in illegal tax evasion or fraudulent practices as prohibited by law.

2.1.2.2. Measures of Corporate Income Tax Avoidance

This thesis synthesizes various measures of tax avoidance, emphasizing the importance of applying them within frameworks aligned with the research objectives. In line with the thesis's focus, tax avoidance is viewed as any firm behavior intended to reduce its tax obligations legally to achieve fiscal benefits. In Vietnam, companies commonly engage in tax avoidance through strategies such as utilizing corporate tax incentives, applying favorable depreciation methods, or shifting taxable income to more advantageous tax periods, in order to lower their tax burdens (i.e., total tax expenses, current tax expenses, or taxes paid). These practices align with well-established tax avoidance measures, including the long-run Effective Tax Rate (ETR), GAAP ETR, and current ETR. The thesis employs all three metrics to capture tax avoidance activities appropriately within the Vietnamese context.

2.1.2.3. Motivations for Corporate Tax Avoidance

Corporate tax avoidance may enable firms to reduce tax obligations, improve cash flows, and ultimately enhance firm value. However, under agency theory, the benefits from tax avoidance may be appropriated by managers rather than shareholders, particularly when incentive alignment mechanisms are weak. From the perspective of corporate social responsibility (CSR), aggressive tax avoidance may be seen as inconsistent with the firm's societal commitments. Thus, tax avoidance behavior can be influenced by both financial motivations and social responsibility considerations.

2.1.2.4. Principles of Tax Avoidance

According to Stiglitz (1985), there are three core principles in tax avoidance: (1) Tax deferral, which delays tax payments to future periods, reducing the present value of tax liabilities; (2) Exploiting marginal tax rate differences over time, which helps minimize overall tax obligations; and (3) Taking advantage of tax differentials across income types, such as preferential rates on long-term capital gains.

2.1.2.5. The Boundary Between Tax Avoidance, Tax Evasion, and Tax Risk

Excessive tax avoidance may expose firms to high levels of tax risk, especially when such behavior is deemed noncompliant with legal standards. The boundary between tax avoidance and tax evasion is dynamic and context-dependent, often shaped by tax authorities' interpretations and the transparency of a firm's tax strategy.

2.1.3. Firm Value

2.1.3.1. Definition of Firm Value

According to Treynor (1961), market value reflects the present value of expected future cash flows, discounted at a rate that reflects risk. Thus, market value typically fluctuates around intrinsic value. In this thesis, firm value is conceptualized in a broad sense, with a focus on market-based measures.

2.1.3.2. Measurement of Firm Value

This thesis employs market-based metrics to measure firm value, particularly Tobin's Q and the market-to-book value (MBV) ratio, to capture how the market evaluates firms in the context of tax avoidance strategies.

2.1.3.3. Shareholder Interests in Maximizing Firm Value

2.2. Theoretical Framework on the Impact of Tax Avoidance on Firm Value

2.2.1. Core Theoretical Perspectives

2.2.1.1. Tax Planning Theory

2.2.1.2. Agency Theory (AT)

2.2.1.3. Stakeholder Theory

2.2.1.4. Stakeholder–Agency Theory

2.2.1.5. Stewardship Theory
2.2.1.6. Modigliani and Miller Theory
2.2.1.7. Cost–Benefit Analysis Theory (CBA Theory)
2.2.1.8. Resource Dependence Theory (RDT)
2.2.1.9. Signaling Theory

2.2.2. Theoretical Explanations for the Relationship among Stakeholders, Tax Avoidance, and Firm Value

2.2.2.1 Theoretical Perspectives Explaining the Relationship between Stakeholders and Tax Avoidance

2.2.2.2 Theoretical Perspectives Explaining the Relationship between Tax Avoidance and Firm Value

2.3.2.3 Theoretical Perspectives Explaining the Moderating Role of Stakeholders in the Relationship between Tax Avoidance and Firm Value

2.3. Empirical Research on Tax Avoidance and Firm Value

2.3.1. Studies on the Influence of Stakeholders on Corporate Income Tax Avoidance *(For detailed information, see Appendix 1 of the thesis)*

2.3.2. Studies on the Impact of Tax Avoidance on Firm Value *(For detailed information, see Appendix 2 of the thesis)*

2.3.3. Research Gaps

A review of the literature on the relationship between stakeholders, tax avoidance, and firm value reveals several important gaps that warrant further investigation.

First, the majority of current studies focus on the influence of traditional stakeholder factors such as large shareholders, certain board characteristics, and CEOs on corporate tax avoidance. Meanwhile, the role of other critical stakeholders such as customers and suppliers, who engage in substantial transactional relationships with firms and may even exert controlling power, remains underexplored. Although a few international studies have begun to address the role of suppliers (e.g., Cen et al., 2017), research in Vietnam still predominantly concentrates on firm characteristics or ownership structure (Huynh Thi Cam Ha et al., 2016; Ha & Phan, 2017; Ha, 2021; Tran et al., 2023). Given the increasingly complex tax avoidance strategies in an era of deepening economic integration, analyzing the role of customers and suppliers is necessary for a more comprehensive understanding of tax minimization behaviors.

Second, this thesis investigates the moderating role of specific stakeholder groups particularly institutional shareholders and customers in the relationship between tax avoidance and firm value. While most international studies have emphasized internal governance variables such as board composition, transparency, or institutional ownership (Chen et al., 2014; Hasan et al., 2021), only a few have explored the moderating influence of institutional investors and customers (Desai & Dharmapala, 2009b; Wong et al., 2015; Cao et al., 2020). Even so, these studies often adopt a general perspective and do not delve into the mechanisms through which these actors may generate or amplify tax risk for firms. Recent research (Drake et al., 2019; Irawan & Turwanto, 2020) has shown that tax risk may weaken the positive impact of tax avoidance on firm value, yet the origins of such risk are not clearly articulated. Neuman et al. (2020) contribute significantly by arguing that institutional shareholders and customers, through their influence on ownership structure and key transactions, can be sources of tax risk. This is a notable research gap, particularly in the context of Vietnam, a developing economy characterized by high information asymmetry and a still-maturing monitoring system. A tax risk–based perspective on stakeholder moderation can enrich our understanding of the dual (positive and negative) impacts stakeholders exert on corporate financial behavior and contribute to tax governance theory and regulatory practices in emerging markets.

Third, existing studies have yet to analyze the impact of specific levels (or "zones") of tax avoidance on firm value under the moderating effects of stakeholder factors, particularly customers. Wong et al. (2015) observed that the influence of abnormal customer transactions on firm value varied depending on changes in the effective tax rate, suggesting that stakeholder effects on firm value may be contingent on the degree of tax avoidance. However, the effective tax rate only serves as a general proxy for tax avoidance and does not capture the full spectrum of avoidance intensities implemented by firms. To date, no research has analyzed the relationship between varying “zones of tax avoidance” (e.g., low, moderate, high) and firm value under customer moderation despite the potential of customers to pose significant tax risk. Identifying specific levels of tax avoidance and their interaction with stakeholder moderation, particularly from customers can shed further light on the nature and implications of corporate tax strategies in the Vietnamese context.

In conclusion, expanding the research by deepening the analysis of stakeholder roles such as those of customers, suppliers, and institutional investors and examining how different levels of tax avoidance affect firm value under stakeholder moderation, not only fills theoretical gaps but also provides meaningful practical implications for firms and regulators in managing tax risk and enhancing firm value in a sustainable manner.

CONCLUSION OF CHAPTER 2

CHAPTER 3. RESEARCH METHODOLOGY

3.1. Research Approach

This thesis adopts a quantitative approach to estimate (i) the influence of stakeholders on corporate income tax avoidance, (ii) the effect of tax avoidance on firm value through the moderating role of stakeholders, and (iii) the effect of different tax avoidance zones on firm value through stakeholder moderation. The selection of this approach is considered appropriate to ensure reliable and objective research results, in line with a majority of prior studies that have also employed quantitative methods (Safitri et al., 2023).

3.2. Research Hypotheses

3.2.1. Stakeholders and Corporate Tax Avoidance

H1: The scale of revenues from related-party customers is negatively associated with corporate income tax avoidance.

H2: The scale of payables to related-party suppliers is positively associated with corporate income tax avoidance.

3.2.2. Stakeholders, Tax Avoidance, and Firm Value

3.2.2.1. Tax Avoidance and Firm Value

H3: Tax avoidance is positively associated with firm value.

3.2.2.2. Stakeholders, Tax Avoidance, and Firm Value:

H4: The scale of revenues from related-party transactions moderates (weakens) the positive relationship between tax avoidance and firm value.

H5: Institutional ownership moderates (weakens) the positive relationship between tax avoidance and firm value.

3.2.2. Stakeholders, Tax Avoidance Zones, and Firm Value

H6: The moderating effect of related-party revenue scale on the relationship between tax avoidance zones and firm value varies across different levels of tax avoidance.

3.3. Research Model

3.3.1. Research Model Examining the Impact of Stakeholders on Tax Avoidance

Prior studies have indicated that stakeholders significantly influence corporate tax avoidance, particularly external stakeholders such as customers and suppliers (Huang et al., 2016; Cen et al., 2017; Park, 2018; Cao et al., 2020; Wang & Mao, 2021; Nguyen et al., 2022). Based on the models proposed in these studies, this thesis develops the following research model to examine the effect of external stakeholders on corporate tax avoidance:

$$TA_{i,t} = \alpha_0 + \sum_1^n \alpha_n * (RPT_n)_{i,t} + \sum_1^m \beta_m * (\mathrm{CONTROL_m})_{i,t} + \epsilon_{i,t}$$
(Model 1)

The dependent variable (TA): Tax avoidance, measured using long-term ETR, GAAP ETR, and current ETR.

The independent variables (RPT_n, where n = 1 to 2): Represent external stakeholders of the firm, measured through related-party transactions with customers (CUSTO) and suppliers (SUPPLY).

Control variables ($CONTROL_m$, where m = 1 to 16): These include state ownership (GOV), foreign ownership (FOREIGN), institutional ownership (INS), managerial ownership (MAGE), board size (BSIZE), board independence (BODIND), absence of female directors on the board (FEMAL), board nationality diversity (NATIONAL), CEO duality (CEODUAL), educational level of executives (LEVEL), audit quality (AUDIT), firm size (SIZE), financial leverage (LEV), cash holdings (CASH), tangible assets (PPE), and intangible assets (INTAN).

3.3.2. Research Model: The Impact of Tax Avoidance on Firm Value through the Moderating Role of Stakeholders

Based on previous research models (interaction term models) by Desai and Dharmapala (2009a, b), Drake et al. (2019), Cao et al. (2020), Irawan and Turwanto (2020), and Guedrib and Marouani (2023), this thesis proposes the following research model to examine the impact of tax avoidance on firm value through the moderating role of stakeholders—who may introduce tax risk to the firm, as follows:

$$FV_{i,t} = \alpha_0 + \alpha_1 * TAXRISK1_{i,t} + \alpha_2 * TAXRISK2_{i,t} + \alpha_3 * TA_{i,t} + \alpha_4 * TA_{i,t} * TAXRISK1_{i,t} + \alpha_5 * TA_{i,t} * TAXRISK2_{i,t} + \sum_1^m \beta_m * (\mathrm{CONTROL_m})_{i,t} + \epsilon_{i,t} \quad \text{(Model 2)}$$

Dependent variable (FV): Firm value is measured using two indicators. Tobin's Q is calculated as (market value of equity + total liabilities) / total assets, capturing the market valuation of the firm. MBV is measured as the ratio of market value to book value.

Independent variable (TA): Tax avoidance is proxied by long-run ETR, GAAP ETR, and current ETR. These measures are employed to test the robustness of Model 2.

Moderating variables (stakeholder-related tax risks): (1) Customer-related tax risk (taxrisk1): measured as the ratio of revenue from related parties to total revenue, indicating the firm's dependency on sales transactions with related parties. (2) Institutional ownership (taxrisk2): measured by the proportion of shares held by institutional investors in the firm's capital structure. These two variables represent potential sources of tax risk that firms may encounter while implementing tax strategies. To test the robustness of Model 2, taxrisk1 is alternatively replaced with taxrisk3, and taxrisk2 with taxrisk4.

The interaction terms TA × taxrisk1 and TA × taxrisk2 are constructed by multiplying the tax avoidance variable (TA) with two stakeholder-related tax risk moderating variables, representing customers (taxrisk1) and institutional shareholders (taxrisk2), respectively.

Control variables ($CONTROL_m$, where m ranges from 1 to 8) include firm size (SIZE), return on assets (ROA), capital structure (DEBT), revenue growth rate (GROWTH), investment intensity (INT), firm age (YEAR), annual GDP growth (GDP), and annual inflation rate (INF).

3.3.3. Research Model on the Impact of Tax Avoidance Zones on Firm Value through the Moderating Role of Stakeholders

Based on the prior research model by Wong et al. (2015), this thesis proposes the following model to examine the impact of different tax avoidance zones on firm value through the moderating role of stakeholders:

$$FV_{i,t} = \alpha_0 + \alpha_1 * TAXRISK1_{i,t} + \alpha_2 * (TA2_{Dummy_n})_{i,t} + \alpha_3 * (TA2_{Dummy_n})_{i,t} * TAXRISK1_{i,t} + \sum_1^m \beta_m * (\mathrm{CONTROL_m})_{i,t} + \epsilon$$

(Model 3)

Dependent variable (FV): Firm value, measured by Tobin's Q and MBV, consistent with Model 2.

Independent variable – Tax avoidance ($TA2\_dummy_n$): The dummy variable TA2_dummyn is a binary variable (1 or 0) representing different tax avoidance zones. Specifically: (1) High-risk tax avoidance zone: equals 1 if TA2 is less than or equal to 15%, otherwise 0; (2) Medium-risk tax avoidance zone: equals 1 if TA2 is greater than 15% and less than 20%, otherwise 0; (3) Low-risk or safe tax avoidance zone: equals 1 if TA2 is greater than or equal to 20%, otherwise 0.

Moderating variable – Stakeholder (TAXRISK1): Represents customers, measured by the ratio of related-party revenue to total revenue, similar to Model 2. Interaction term ($TA2\_dummy_n$ * taxrisk1): Constructed by multiplying the dummy variable $TA2\_dummy_n$ with the moderating variable taxrisk1 to capture the interaction effect in the model.

Control variables: Same as those used in Model 2.

3.4. Data Collection Method

This study utilizes a balanced panel dataset comprising annual audited financial statements sourced from Vietstock and manually collected from the notes to the audited financial statements of publicly listed companies (PLCs) on the Vietnamese stock exchanges (HOSE and HNX) for the period from 2015 to 2022. Specifically, based on this research sample, the thesis manually collects indicators of revenue from related parties—namely, sales of goods and provision of services to related parties and the balance of payables to suppliers who are classified as related parties, as disclosed in the notes to the audited financial statements. Accordingly, the final research sample consists of 397 PLCs, yielding 3,176 firm-year observations. The study employs Stata 16 statistical software to test: (i) the impact of stakeholders on corporate tax avoidance, (ii) the effect of tax avoidance on firm value through the moderating role of stakeholders, and (iii) the influence of different tax avoidance zones on firm value through stakeholder moderation.

3.5. Data Processing Methods

3.5.1. Descriptive Statistics

3.5.2. Correlation Analysis and Multicollinearity Diagnostics

3.5.3. Regression Analysis

The thesis employs multiple estimation methods including Ordinary Least Squares (OLS), Fixed Effects Model (FEM), Random Effects Model (REM), and two-step System Generalized Method of Moments (S-GMM). Initially, OLS, FEM, and REM are compared to determine the most appropriate regression technique. In the presence of model specification issues such as autocorrelation, heteroskedasticity, and especially endogeneity, the study applies Two-Stage Least Squares (2SLS) regression to test for potential endogenous variables. When endogeneity is confirmed, the two-step S-GMM estimator is adopted to simultaneously address endogeneity, autocorrelation, and heteroskedasticity, as suggested by Roodman (2009).

3.5.3.1. Fundamental Theories of Difference-GMM (D-GMM), One-step S-GMM, and Two-step S-GMM

3.5.3.2. Advantages of the Two-step S-GMM Estimator

3.5.3.3. Testing for Endogeneity of Explanatory Variables

3.5.3.4. Instrument Construction and Specification in S-GMM

3.5.3.5. Essential Diagnostic Tests in S-GMM Estimation

3.5.3.6. Two-step S-GMM as the Most Appropriate Estimation Model

CONCLUSION OF CHAPTER 3

CHAPTER 4. RESEARCH RESULTS AND DISCUSSION

4.1 Results of the Impact of Stakeholders on Corporate Tax Avoidance (Model 1)

4.1.1 Tax Avoidance Practices, Stakeholder Influence, and Firm Value in the Period 2015–2022

The findings indicate that the majority of firms have leveraged stakeholder advantages and engaged in tax avoidance activities to enhance firm value. Notably, the electricity generation, transmission, and distribution sector exhibited relatively high levels of tax avoidance, whereas the construction industry demonstrated higher tax compliance, thereby contributing more substantially to government revenue.

4.1.2 Descriptive Statistics

Descriptive statistics for Model 1 (see Table 4.2 of the thesis) reveal that the variables exhibit reasonable mean values, standard deviations, as well as minimum and maximum values, with no abnormal or extreme outliers. This reinforces the reliability and representativeness of the dataset used in the analysis.

4.1.3 Multicollinearity Diagnostics

Multicollinearity tests for Model 1 (see Table 4.3 of the thesis) show that the pairwise correlation coefficients among independent variables are all below 0.8, indicating no serious multicollinearity issues. Furthermore, the variance inflation factors (VIFs) are all below the critical threshold of 10 and remain relatively low, which further confirms the absence of multicollinearity in the model.

4.1.4 Regression Analysis Results

OLS, FEM, and REM estimations (see Table 4.4 of the thesis) indicate the presence of serial correlation, heteroskedasticity, and potential endogeneity in Model 1. To address these issues, the two-step System Generalized Method of Moments (S-GMM) estimator is employed. The estimation results from the two-step S-GMM model (see Table 4.1.5 in Section 4.1.5 of the thesis) confirm the model's reliability and validity.

4.1.5 Robustness Check: The Impact of Stakeholders on Tax Avoidance

The robustness of the analysis is assessed by splitting the full sample into two groups based on the characteristics of independent auditors. Group 1 consists of firms audited by Big 4 audit firms (Deloitte, PwC, EY, KPMG), and Group 2 comprises firms audited by non-Big 4 firms. This segmentation aims to test whether the results are consistent in an environment where Big 4 auditors are expected to exercise stronger monitoring and demand higher compliance with financial reporting standards.

Table 4.6 presents the results of Model 1 and its robustness checks. The findings show that the impact of customer-related transactions (variable CUSTO) on tax avoidance is inconclusive across models, whereas the effect of supplier-related transactions (variable SUPPLY) on tax avoidance remains consistent and robust across the baseline and robustness test models.

Table 4.6. Two-step S-GMM regression results and robustness test for Model 1

Variables	TA1			TA2			TA3		
	Full sample	**Sample with Big 4 auditors**	**Sample without Big 4 auditors**	**Full sample**	**Sample with Big 4 auditors**	**Sample without Big 4 auditors**	**Full sample**	**Sample with Big 4 auditors**	**Sample without Big 4 auditors**
TA L1	0.7278***	.3065***	0.7218***	0.3233***	0.1547	0.3582***	0.2462***	0.1881	*0.2792****
	(0.0675)	*(0.1125)*	*(0.0832)*	*(0.0563)*	*(0.1500)*	*(0.0690)*	*(0.0708)*	*(0.1548)*	*(0.0867)*
CUSTO	**-0.0006****	**0.00001**	**-0.00007**	**-0.0007***	**-6.88e-06**	**0.0018****	**-0.0010***	**-0.0001**	***0.0019*****
	(0.0002)	*(0.0003)*	*(0.0001)*	*(0.0004)*	*(0.0004)*	*(0.0008)*	*(0.0006)*	*(0.0009)*	*(0.0009)*
SUPPLY	**0.0008**	**0.0015****	**0.0011****	**0.0017***	**0.0022***	**-0.0005**	**0.0021***	**0.0027***	***-0.0012***
	(0.0009)	*(0.0007)*	*(0.0005)*	*(0.0009)*	*(0.0013)*	*(0.0006)*	*(0.0012)*	*(0.0016)*	*(0.0008)*
Obs.	2,779	740	1,936	2,779	740	1,936	2,779	740	1,936
No. groups	397	144	311	397	144	311	397	144	311
No. Ins variables	118	135	135	139	132	123	129	67	66
AR (1) (P-value)	0.000	0.009	0.000	0.000	0.030	0.000	0.000	0.009	0.000
AR (2) (P-value)	0.918	0.806	0.958	0.170	0.935	0.622	0.244	0.190	0.555
Hansen test	0.819	0.594	0.840	0.492	0.650	0.840	0.673	0.812	0.341
Prob > chi2	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

Source: Results of the analysis from Stata 16 software.

*Note: *, **, *** denote statistical significance levels at 10%, 5% and 1%.*

4.1.6 Discussion of Empirical Findings

The empirical results indicate that most stakeholders factors significantly influence corporate tax avoidance. This thesis offers a comprehensive analysis of this relationship among publicly listed firms in Vietnam, drawing on agency theory, resource dependence theory, and stakeholder–agency theory. Factors such as customers, suppliers, foreign ownership, managerial ownership, and governance characteristics (board structure, CEO duality) exhibit notable effects on tax avoidance, although the extent of these effects varies depending on institutional settings and the internal monitoring mechanisms of each firm.

Several key findings are worth highlighting. Close relationships with customers are generally associated with lower levels of tax avoidance; however, this relationship is reversed among firms not audited by Big 4 auditors. In contrast, relationships with suppliers are found to increase the likelihood of tax avoidance in both the baseline model and robustness checks. Foreign ownership and managerial ownership tend to promote more aggressive tax strategies, particularly in environments characterized by weak institutional oversight.

Additionally, governance factors such as board size, independence, gender diversity, CEO duality, and audit quality significantly affect tax avoidance. The results underscore the complex and context-dependent nature of the relationship between stakeholders and tax avoidance. Finally, firm-specific characteristics, including firm size, financial leverage, cash holdings, and the composition of tangible assets, are also found to have substantial effects on tax avoidance behavior.

4.2. Empirical Results on the Impact of Tax Avoidance on Firm Value through the Moderating Role of Stakeholders (Model 2)

4.2.1 Descriptive Statistics

The descriptive statistics for Model 2 (see Table 4.7 of the thesis) show that the variables have reasonable mean values, standard deviations, and minimum and maximum values, with no evidence of outliers or abnormal distributions. These results enhance the reliability and representativeness of the data used in the study.

4.2.2 Multicollinearity Diagnostics

The results of the multicollinearity test (see Table 4.8 of the thesis) indicate that the correlation coefficients between the variables are all below 0.8, suggesting that multicollinearity is not a concern. Additionally, the variance inflation factors (VIFs) are all below 10 and relatively low, further supporting the absence of multicollinearity issues in Model 2.

4.2.3 Regression Results

The OLS, FEM, and REM regression results (see Tables 4.9 and 4.10 of the thesis) reveal that Model 2 suffers from autocorrelation, heteroskedasticity, and potential endogeneity problems. To address these issues, the thesis employs the two-step system GMM (S-GMM) estimation method. The diagnostic tests for the S-GMM estimation confirm the validity and robustness of Model 2 (see Table 4.2.4 in Section 4.2.4 of this summary).

4.2.4 Robustness Checks on the Impact of Tax Avoidance on Firm Value through the Moderating Role of Stakeholders

The study conducts robustness checks by replacing both the independent and moderating variables with stricter alternative measures. Specifically, the long-term ETR and GAAP ETR are replaced by current ETR as the independent variable. The moderating variable taxrisk1 is replaced with taxrisk3 (a dummy variable equal to 1 if a firm's revenue from related-party transactions exceeds 50%, and 0 otherwise), and taxrisk2 is replaced with taxrisk4 (a dummy variable equal to 1 if institutional ownership exceeds 50%, and 0 otherwise). This substitution aims to examine whether the interaction effects between tax avoidance and stakeholder-related variables under more stringent thresholds of customer dependency or institutional control remain consistent in terms of direction and statistical significance compared to the original model.

Table 4.13 below presents the two-step S-GMM estimation results for the robustness test of Model 2. The estimated coefficients of the interaction variables remain consistent in both sign and level of significance across the two models, indicating the stability and reliability of the analytical results.

Table 4.13. Comparison of two-step S-GMM regression results between the baseline Model 2 and its robustness test

Variables	Sign	Baseline model				Robustness model		Comparative results
		Tobin's Q		MBV		Tobin's Q	MBV	
		(1)	(2)	(2)	(4)	(5)	(6)	(7)
TA	+	2.2079*	2.7613***	4.7914**	5.5200**	1.5809*	3.8699	Similarity
TAXRISK1(3)		0.0155**	0.0030*	0.0218*	0.0035*	0.5551*	1.4023*	Similarity
TAXRISK2(4)		-0.0213***	-0.0144***	-0.0378***	-0.0233**	-0.7730**	-2.3485*	Similarity
TA*TAXRISK1(3)	**-**	**0.0770****	**0.0195****	**0.1010***	**0.0300****	**2.6072***	**5.0141***	Similarity
TA*TAXRISK2(4)	**-**	**-0.1033*****	**-0.0782*****	**-0.1787*****	**-0.1306****	**-3.9868****	**-9.9225***	Similarity
SIZE		0.0331*	-0.0116	0.0987**	-0.0360	0.1055	0.1385**	Similarity
INV		0.1161	-0.0181	0.2892	-0.0002	0.2166	0.4747	Similarity
YEAR		-0.0159**	-0.0010	-0.0320**	0.0021	-0.0076	-0.0250*	Similarity
ROA		3.1996**	3.7859***	6.1862**	4.1823*	3.3528***	8.2364***	Similarity
DEBT		0.0201**	0.1386*	0.0400**	0.3771**	0.0094	0.0054	Similarity
GROWTH		0.0690**	-0.0115**	0.1137	-0.0314**	0.0698	0.2781	Similarity
GDP		-3.5193***	-3.7012***	-6.9549***	-5.9813***	-2.7275***	-6.9698***	Similarity
INF		-9.5371***	-8.0808***	-20.5200***	-18.6981***	-7.9743***	-18.3963***	Similarity
Obs.		2,779	2,382	2,779	2,779	2,779	2,779	
No. groups		397	397	397	397	397	397	
No. Ins variables		60	34	60	33	53	51	
AR (1) (P-value)		0.006	0.000	0.002	0.000	0.016	0.136	
AR (2) (P-value)		0.136	0.115	0.395	0.611	0.369	0.530	
Hansen test		0.165	0.448	0.201	0.431	0.178	0.222	
Prob > chi2		0.000	0.000	0.000	0.000	0.000	0.000	

Source: Results of the analysis from Stata 16 software.

*Note: *, **, *** denote statistical significance levels at 10%, 5% and 1%.*

4.2.5 Discussion of Research Findings

The results from Model 2, particularly using the two-step system GMM estimation, confirm that this is the most reliable method for analyzing panel data with potential endogeneity issues. Tax avoidance is found to have a positive impact on firm value, aligning with stewardship theory, as it contributes to cost optimization and enhances operational efficiency. However, this impact is not universal, it is moderated by stakeholder-related factors. Specifically, the variable TAXRISK1 indicates that major customers reinforce the relationship between tax avoidance and firm value through enhanced monitoring mechanisms and increased market confidence. In contrast, TAXRISK2 reflects that high institutional ownership tends to weaken the positive effect of tax avoidance on firm value, likely due to strategic misalignment driven by private interests in the context of limited governance transparency. The robustness tests conducted for Model 2 further confirm the stability and reliability of the results, thereby strengthening the model's credibility.

In addition, control variables such as firm size (SIZE), firm age (YEAR), profitability (ROA), leverage (DEBT), revenue growth (GROWTH), economic growth (GDP), and inflation (INF) are all found to significantly influence firm value.

The thesis effectively applies stakeholder-agency theory to explain the moderating mechanisms, while also providing empirical evidence to inform the development of transparent tax policies, thereby contributing to the sustainable enhancement of firm value.

4.3 Research Findings on the Impact of Tax Avoidance Zones on Firm Value through the Moderating Role of Stakeholders (Model 3)

Table 4.14. Two-step S-GMM regression results for Model 3

Variables	High-risk tax avoidance zone		Medium-risk tax avoidance zone		Low-risk and safe tax avoidance zone	
	Tobin's Q	MBV	Tobin's Q	MBV	Tobin's Q	MBV
	(1)	(2)	(3)	(4)	(5)	(6)
Tobin's Q L1/MBV L1	0.5437**	0.2479	0.3164**	0.2381	0.6808***	0.2997
	(0.2401)	*(0.2061)*	*(0.1606)*	*(0.1479)*	*(0.1290)*	*(0.2680)*
TA2_Dummy	**0.6032***	**0.5735***	**0.4245*****	**0.5793***	**-0.4559****	**-0.5371****
	(0.3602)	*(0.3000)*	*(0.1482)*	*(0.3515)*	*(0.2092)*	*(0.2739)*
TAXRISK1	0.0071	0.0173*	0.0065***	0.0087*	-0.0038**	-0.0181**
	(0.0044)	*(0.0104)*	*(0.0021)*	*(0.0052)*	*(0.0016)*	*(0.0083)*
TA2_Dummy*TAXRISK1	***-0.0105****	***-0.0310****	***-0.0329******	***-0.0454****	***0.0074*****	***0.0317*****
	(0.0055)	*(0.0173)*	*(0.0108)*	*(0.0242)*	*(0.0030)*	*(0.0159)*
SIZE	0.0081	-0.5195	0.0200	0.0152	0.0034	-0.3963
	(0.0194)	*(0.3455)*	*(0.0205)*	*(0.0350)*	*(0.0202)*	*(0.2504)*
INV	0.4161	20.0670	0.3861*	0.8779	0.2762	1.1574
	(0.2784)	*(1.2586)*	*(0.2290)*	*(0.6100)*	*(0.2183)*	*(1.0766)*
YEAR	-0.0131	0.0021	-0.0131	-0.0248	-0.0254***	-0.0246
	(0.0164)	*(0.0050)*	*(0.0082)*	*(0.0157)*	*(0.0075)*	*(0.0214)*
ROA	1.7013*	7.6431*	4.6838***	8.5236***	1.9608*	9.8639*
	(1.0260)	*(4.2541)*	*(1.5729)*	*(3.1771)*	*(1.0596)*	*(5.2357)*
DEBT	0.0052	0.0238	0.0050	0.0141	0.0164	0.0180
	(0.0158)	*(0.0407)*	*(0.0108)*	*(0.0265)*	*(0.0172)*	*(0.0498)*
GROWTH	0.0032	0.3445	0.1222	0.3375	-0.0049	0.4251
	(0.0528)	*(0.4007)*	*(0.1072)*	*(0.2488)*	*(0.0040)*	*(0.3545)*
GDP	-2.7451***	-7.4339***	-2.9652***	-5.8645***	-2.2359***	-8.0446***
	(0.7263)	*(1.4571)*	*(0.6762)*	*(1.4656)*	*(0.5564)*	*(1.7998)*
INF	-13.6468***	-28.2958***	-12.6743***	-26.5680***	-13.7805***	-27.4541***
	(2.7127)	*(4.8210)*	*(2.7148)*	*(5.9595)*	*(2.2438)*	*(5.8708)*
Hệ số	0.9032*	15.5348*	0.7454	1.6070	1.6420***	13.2845*
	(0.5414)	*(9.3575)*	*(0.6052)*	*(1.1355)*	*(0.5980)*	*(6.9581)*
Obs.	1,558	1,985	2,382	2,382	2,779	2,779
No. groups	397	397	397	397	397	397
No. Ins variables	31	28	44	44	46	33
AR (1) (P-value)	0.053	0.128	0.000	0.017	0.000	0.169
AR (2) (P-value)	0.949	0.434	0.660	0.844	0.911	0.864
Hansen test	0.739	0.132	0.514	0.119	0.205	0.122
Prob > chi2	0.000	0.000	0.000	0.000	0.000	0.000

Source: Results of the analysis from Stata 16 software.

*Note: *, **, and *** denote statistical significance levels at 10%, 5%, and 1%, respectively.*

Using the two-step System GMM estimation method, the thesis establishes that the impact of corporate tax avoidance on firm value depends on the level of tax risk and the moderating role of stakeholders, particularly customers (measured by the ratio of related-party sales to total revenue). In medium- and high-risk tax avoidance zones, tax avoidance tends to enhance firm value; however, the moderating effect of customers weakens this relationship due to the potential for non-transparent transactions. Conversely, in low-risk and safe tax avoidance zones, tax avoidance tends to reduce firm value, but customers help mitigate this negative effect (Table 4.14). This study clarifies the governance mechanism's control over tax avoidance behavior and extends the stakeholder–agency theoretical framework in the context of emerging markets. It also provides policy implications for improving tax governance quality and promoting sustainable firm value.

4.4 Summary of research findings and discussion

CONCLUSION OF CHAPTER 4

CHAPTER 5. CONCLUSION AND POLICY IMPLICATIONS

5.1 Conclusion

This thesis aims to analyze the impact of stakeholders on corporate tax avoidance; the effect of tax avoidance on firm value under the moderating role of stakeholders; and the influence of tax avoidance zones on firm value with stakeholder moderation in the context of Vietnam. The study utilizes a dataset comprising 397 publicly listed firms on HOSE and HNX over the period 2015–2022, employing estimation methods such as OLS, FEM, REM, and particularly the two-step System GMM approach.

The main findings reveal that stakeholders, specifically customers and suppliers significantly influence tax avoidance (supporting Hypotheses H1 and H2). Moreover, stakeholders moderate the relationship between tax avoidance and firm value. In particular, customers tend to strengthen the positive effect of tax avoidance on firm value (contrary to Hypothesis H4), while institutional shareholders weaken this relationship due to the underlying tax risk (in line with Hypothesis H5). Furthermore, the thesis identifies the moderating role of tax avoidance zones (classified as low-risk and safe, medium, and high-risk zones): in high- and medium-risk zones, a high level of related-party sales weakens the positive effect of tax avoidance on firm value; whereas in low-risk and safe zones, this factor helps mitigate the negative impact of tax avoidance on firm value (consistent with Hypothesis H6).

The thesis contributes empirical evidence and extends the stakeholder–agency theoretical framework in the context of emerging markets. It also provides important policy implications for investors, corporate managers, and tax authorities in managing tax-related risks, enhancing firm value, and promoting the sustainable development of capital markets.

5.2 Policy Implications

5.2.1 For investors

Firms with a low ETR may enhance firm value; however, this effect depends critically on RPTs and the ownership structure. Large accounts payable to related parties or high revenue from RPTs in the absence of Big 4 audit oversight tend to increase the level of tax avoidance. By contrast, when firms are audited by Big 4 auditors, RPTs may be associated with more prudent tax strategies. When firms operate in medium- and high-risk tax avoidance zones, extensive RPTs weaken the positive impact of tax avoidance on firm value; in low-risk and safe zones, effective governance of RPTs helps mitigate the negative effects. High institutional ownership may also increase governance and tax risks. Therefore, investors should jointly assess ETRs, the extent of RPTs, the quality of external monitoring, and ownership structure, rather than relying solely on tax indicators

5.2.2 For managers

Firms with a low ETR may enhance firm value; however, this effect depends on how RPTs are governed and on the ownership structure. Large accounts payable to related parties or high revenue from RPTs, in the absence of strong monitoring mechanisms (i.e., without Big 4 audit oversight), tend to increase tax avoidance. By contrast, Big 4 audits help steer firms toward more prudent tax strategies, transforming RPTs into tools that support legitimate business activities. When firms operate in medium- and high-risk tax avoidance zones, expanding RPTs may weaken the value-enhancing benefits of tax avoidance; in low-risk and safe zones, effective governance of RPTs helps mitigate negative effects and protect long-term firm value. In addition, high institutional ownership needs to be carefully monitored to avoid governance and tax risks. Therefore, managers should align tax strategies with the governance of RPTs, strengthen monitoring quality, and balance the ownership structure, rather than focusing solely on reducing the ETR

5.2.3 For tax authorities

A low ETR creates firm value only when RPTs are effectively governed and monitored. Large payables to related parties or high revenues from RPTs in the absence of Big 4 audits are often associated with higher levels of tax avoidance and transfer pricing risk, and thus should be prioritized for supervision. By contrast, Big 4 audits help guide firms toward more prudent and compliant tax strategies, reducing risks arising from RPTs.

When firms operate in medium- to high-risk tax avoidance zones, expanding RPTs increases tax risk; in low-risk and safe zones, effective governance of RPTs helps mitigate adverse effects. In addition, high institutional ownership is a signal that warrants monitoring to avoid governance and tax risks. Accordingly, tax authorities should adopt a risk-focused approach that jointly assesses RPTs, ETR, audit quality, and ownership structure, rather than relying solely on the ETR level.

5.3 Limitations and Directions for Future Research

This thesis employs long-run ETR, GAAP ETR, and current ETR as proxies for tax avoidance. These measures capture most tax-minimizing behaviors, including the use of tax incentives (tax planning). However, it is often difficult to determine whether firms exploit tax incentives or comply with them as intended by regulations. Future research should consider alternative tax avoidance measures to more accurately capture the nature and extent of tax avoidance in the Vietnamese context.

Regarding supplier-related variables, this study uses the balance of accounts payable to related parties as a proxy, which generally reflects the essence of purchasing transactions with related entities. However, future studies should consider incorporating additional indicators such as the value of purchases to provide a more comprehensive assessment.

Moreover, tax avoidance activities inherently generate tax-related risks, and the proportions of revenue and ownership held by related parties are identified as key contributing factors. Subsequent research should explore additional sources of tax risk to clarify the mechanisms through which tax-related risk influences firm value in the Vietnamese stock market.

CONCLUSION OF CHAPTER 5