

The impact of factors on the financial performance of tourism enterprises in Vietnam

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Date of Submission: 01-07-2023

Date of Acceptance: 10-07-2023

ABSTRACT: This paper examines the factors that influence the financial performance of tourism enterprises in Vietnam. In which ROA and ROE are two financial efficiency indicators used to measure the performance of tourism businesses. Using quantitative research methods, the study results have shown the varying influences of internal and external factors on the financial efficiency of enterprises. Capital structure, business growth rate, corporate income tax, business scale, and liquidity are internal factors that positively impact the financial efficiency of enterprises, while the age of the business has a negative impact. The PCI index (Provincial Competitiveness Index) and the Information technology application index (ITC) are two external factors that positively influence the financial efficiency of tourism businesses.

Keywords: financial efficiency, capital structure, growth rate, corporate income tax, business scale, PCI, ITC, tourism enterprises

I. INTRODUCTION

Tourism is one of the critical service sectors that countries worldwide focus on, with deep relationships with many other vital sectors of the country's economy. Therefore, to increase the tourism industry's effectiveness, countries need to develop complementary economic sectors such as healthcare, commerce, customs, transportation, and finance. Along with Vietnam's opening up to international economic integration, the improved quality of life for its people has created favorable conditions for the development of the tourism industry, meeting the needs of the people. In recent years, Vietnam's tourism industry has achieved promising results with outstanding development strides. The total revenue from tourism from 2010 to 2021 reached 4,196.52 trillion Vietnamese dong, with an average annual growth rate of 15.39% during this period. If in 2010, the tourism industry had only 28 million domestic tourists, by 2019, before Covid-19, there were 85 million

domestic tourists, triple the number in 2010. On average, from 2010 to 2019, the annual growth rate of domestic tourists was 13.56%, and notably, in 2015, the growth rate of domestic tourists reached 48.1% compared to the previous year (Vietnam National Administration of Tourism, 2022). However, the tourism industry in Vietnam faces some difficulties in terms of infrastructure and support services. Additionally, most tourism businesses in Vietnam are small and medium-sized enterprises with limited internal capacity. The integration within the value chain or the participation of large enterprises in the tourism industry is still minimal. Therefore, Vietnamese tourism businesses encounter numerous challenges in accessing capital, expanding market share, and enhancing competitiveness.

Although the government and local authorities have implemented supportive policies and timely responses to the fluctuations in the tourism industry, many policies have not yet been effective in supporting tourism businesses during their operations. Despite facing numerous difficulties, Vietnam's tourism industry has achieved impressive accomplishments. This indicates that Vietnamese tourism businesses can enhance their operational effectiveness if they can identify the influencing factors and assess the level of impact of these factors. Therefore, this article focuses on identifying and evaluating the impact of various factors on the financial effectiveness of tourism businesses in Vietnam.

II. THEORETICAL FRAMEWORK

A theoretical framework for analyzing financial performance typically involves a set of concepts, theories, and models that guide the understanding and evaluation of an organization's financial health. Some relevant theories related to the financial effectiveness of businesses can be mentioned as follows:

Agency Theory

The issue of agency theory was initially presented by Berle and Means (1932), who argued that agency costs could arise from the separation of ownership and control due to inconsistent interests between management and shareholders. Subsequently, the agency theory developed by Jensen and Meckling (1976) provides a detailed description of the relationship between managers and shareholders, stemming from the idea that the interests of company managers and shareholders are not fully aligned (Varun Dawar, 2014). Conflicts between managers and shareholders, arising from the separation of ownership and control, occur when managers maximize their own utility rather than the company's value. Therefore, issuing debt can reduce agency costs and impact the company's operations by tightening discipline or encouraging managerial activities for the best interests of shareholders rather than engaging in discretionary management behaviors. The agency theory addresses the divergent interests between organizational managers and owners, prescribing ways to resolve such conflicts, such as delegating decision-making authority to managerial representatives within an organization or enterprise (Grossman & Hart, 1982; Jensen, 1986; Harris & Raviv, 1991).

Along with agency theory, businesses can increase financial efficiency if the costs of the business are minimized. Jensen & Meckling (1976) pointed out that agency costs can be considered a loss of value for shareholders due to the divergence of interests between managers and owners. Additionally, the costs associated with agency problems are factored into the market price, thereby affecting the company's stock price. Therefore, if agency costs are managed effectively, it can help improve the stock value, thus enhancing the business's overall financial performance. According to Jensen and Meckling (1976), agency costs are measured by the total costs of monitoring, management, bonding, and residual costs. Therefore, corporate governance mechanisms need to clarify the causes of these conflicts to reduce agency costs. Hence, effective corporate governance mechanisms should encourage managers to act in the best interests of owners or shareholders (Allen & Gale, 2001). Furthermore, it is argued that the agency theory suggests that better corporate governance contributes to cost reduction, thereby increasing investor confidence in future cash flows and the company's growth prospects, leading to a higher company valuation (Faizul et al. Arun, 2016). Similarly, reducing the agency costs of individuals can improve the operational efficiency of the business.

In agency theory, a hypothesis is proposed that there are no controls by the company in today's developed markets. The consequence of this leads to market failure, the absence of markets, ethical risks, asymmetric information, incomplete contract terms, and ethical choices in corporate governance (Bonazzi & Islam, 2007). Supporters of agency theory argue that the roles of the CEO and the chairman of the board should be assigned to separate individuals, which will ensure reasonable checks, monitoring, and a balanced alignment of interests between the CEO and the chairman of the board (Gillan, 2006).

Research studies on agency costs often measure agency costs using specific financial indicators, which are used to determine the level of agency costs. The study by Ang et al. (2000) provided detailed information on measuring agency costs by using cost and asset utilization ratios as indicators for management costs, how the board of directors controls operating costs, and how the company's governance structure efficiently deploys its assets. Another study conducted by Wang (2010) attempted to assess the operational efficiency of companies and the relationship between agency costs based on ROA and ROE using a dataset of publicly traded companies on the Taiwan Stock Exchange. Another study by Chinelo and Iyiegbuniwe (2018) used asset turnover ratio, earnings before interest, taxes, depreciation, amortization (EBITDA) on total assets, and characteristics of the board of directors to determine the extent of agency costs. Margaritis and Psillaki (2010) raised whether higher financial leverage leads to better operational efficiency around ownership structure. In this study, the authors used the debt-to-total assets ratio, intangible asset ratio, tangible asset ratio, and ownership structure to estimate agency costs.

The application of agency theory concerning the financial performance of businesses is often implemented through regression analysis of various indicators of the company's operational efficiency based on different leverage ratios and several control variables. To measure the financial performance of businesses, a study by Varun Dawar (2014) utilized two accounting-based measures of firm performance, Return on Assets (ROA) and Return on Equity (ROE). Additionally, the study controlled for company-specific or industry-related factors by including firm size, company age, tangible fixed assets, sales growth, liquidity, and advertising costs.

Management Theory

Unlike agency theory, which advocates for separating the roles of CEO and chairman, management theory argues that both roles should be combined. Management theory demonstrates that managers can achieve organizational goals for shareholders by maximizing their interests rather than serving themselves (Donaldson et al., 1991). Furthermore, management theory suggests that allowing managers to work autonomously can incentivize them to perform better. Some scholars also argue that financial rewards drive managerial behavior and require prudence to maximize shareholder value.

Moreover, management theory suggests that allowing managers to work autonomously can incentivize them to perform better. With this perspective, scholars believe managers are motivated not only by financial incentives but also by the need to exercise caution to maximize shareholder value. Owners often face more risks than their representatives, while representatives, who have more information about the company they manage, use the capital provided by owners to generate revenue for the business and bear risks associated with operations and employment, which are considered more significant risks compared to the capital risk borne by owners. Furthermore, management theory emphasizes that managers' concerns for their reputation and career development compel them to act in the interests of shareholders, thereby minimizing agency costs (Donaldson & Davis, 1991).

A study by Clarke (2004) indicates that allowing managers to make decisions without going through bureaucratic processes improves job satisfaction and contributes to the business's overall financial performance. Additionally, Fama and Jensen (1983) emphasize that managers have greater access to specific internal information and are more attuned to the organization's frequent concerns than independent directors. Therefore, managers with in-depth knowledge of the company's operations are better equipped to make informed decisions. From this perspective, management theory suggests that fewer independent directors are ideal for companies (Christensen et al., 2010).

Furthermore, the theory of compliance asserts that an internally dominated board of directors is more effective in achieving organizational goals due to better access to information and technology. Finally, management theory argues that chief executives desire to perform well rather than opportunistically exploit the system, as proposed by agency theory (Donaldson, 1990).

The theory of capital structure

The theory of capital structure and its relationship with the value of a business is an essential issue in corporate finance developed by renowned researchers Modigliani and Miller in 1958. By constructing the Modigliani-Miller (MM) model, these two authors argued that in a perfect capital market without taxes, transaction costs, and other frictions, the capital structure is irrelevant in determining the value of a company. They demonstrated that the choice between debt and equity financing does not significantly impact the company's value. Therefore, the board of directors should not be concerned with the debt-equity ratio and the capital structure composition of the company. This led to numerous studies on this topic, both from theoretical and practical perspectives, to test the robustness of the MM model based on realistic assumptions related to market frictions and asymmetric information. Although capital structure theories have been developed over the past 50 years to determine capital structure and its impact on the value of a business, they differ in their relative emphasis. In particular, Modigliani and Miller (1958) argued that any changes in the current debt-equity ratio could not affect the company's value, meaning that there is no inherently better or worse capital structure, and the company's value is unrelated to different leverage levels. Thus, according to the M&M theory and optimal capital structure theory, we can observe how the choice and utilization of capital will impact the company's business efficiency and financial effectiveness (Dinh The Hung, Pham Duc Cuong, 2020)."

This model was further developed by Miller and Modigliani (1963), who argued that the use of tax-deductible expenditures and the presence of interest rates would encourage lower tax payments and thus improve the company's overall cash flow (Miller & Modigliani, 1963). Indeed, the two economists also discovered a positive relationship between the company's current value and financial leverage, implying that firms can maximize their value by increasing their debt levels.

Furthermore, while the trade-off theory indicates that a company's capital decisions involve a trade-off between the tax benefits of debt and the costs associated with financial distress (Kraus & Litzenger, 1973) when applying the trade-off theory, each company tends to establish a debt-to-equity ratio according to its objectives and seeks to achieve an optimal level that varies based on the characteristics of different firms (Myers, 1984).

The relationship between capital structure and the operational efficiency of a business is a topic of interest for many scholars worldwide. Majumdar and Chhibber (1999) examined the relationship between capital structure and the operational efficiency of Indian companies and found an inverse relationship between capital structure and operational efficiency. Similarly, in line with these research findings, Chiang and colleagues (2002) also indicated a negative relationship between capital structure and the operational efficiency of Hong Kong real estate and construction companies.

A study by Abor (2005) examined the relationship between capital structure and profitability of listed companies on the Ghana Stock Exchange over five years and found positive and negative relationships between capital structure and profitability in the case of short-term and long-term debt, respectively. In 2007, Abor expanded his previous research to include small and medium-sized enterprises in Ghana and South Africa. The results of this study indicated a negative relationship between debt (both long-term and short-term) and the operational efficiency of small and medium-sized enterprises.

Ebaid (2009) used three accounting-based measures of financial efficiency: return on equity (ROE), return on assets (ROA), and gross margin (GM). The research findings by Ebaid revealed that the decision to choose a capital structure, in general, had a weak to no impact on the company's operations. David and Olorunfemi (2010) studied the impact of capital structure on the operational efficiency of oil companies in Nigeria and found a positive relationship. Additionally, Onaolapo and

Kajola (2010) investigated the impact of capital structure on the financial efficiency of non-financial firms using a sample of 30 listed companies on the Nigerian Stock Exchange. The results of this study showed that leverage had a negative impact on the profitability of non-financial companies (measured by ROA and ROE). Furthermore, Sadeghian et al. (2012) examined the relationship between capital structure and the operational efficiency of Iranian businesses by using a combination of accounting measures (ROA, ROE) and market measures (Tobin's Q). They found an inverse relationship between capital structure and operational efficiency. Shubita et al. (2012) expanded on the findings of Abor (2005) by examining the impact of capital structure on the profitability of the industrial sector listed on the stock market. They found a negative relationship between debt and the profitability of companies in the industry.

III. METHODOLOGY

Research model

As presented in the theoretical framework, the financial efficiency of a business is primarily measured by ROA and ROE. However, several factors can influence a company's financial efficiency, including capital structure, business growth rate, business scale, and company age. Moreover, when measuring financial efficiency through the ROA and ROE indicators, it is impossible to accurately and comprehensively assess these influencing factors' impact on a tourism business's financial efficiency using a single research model.

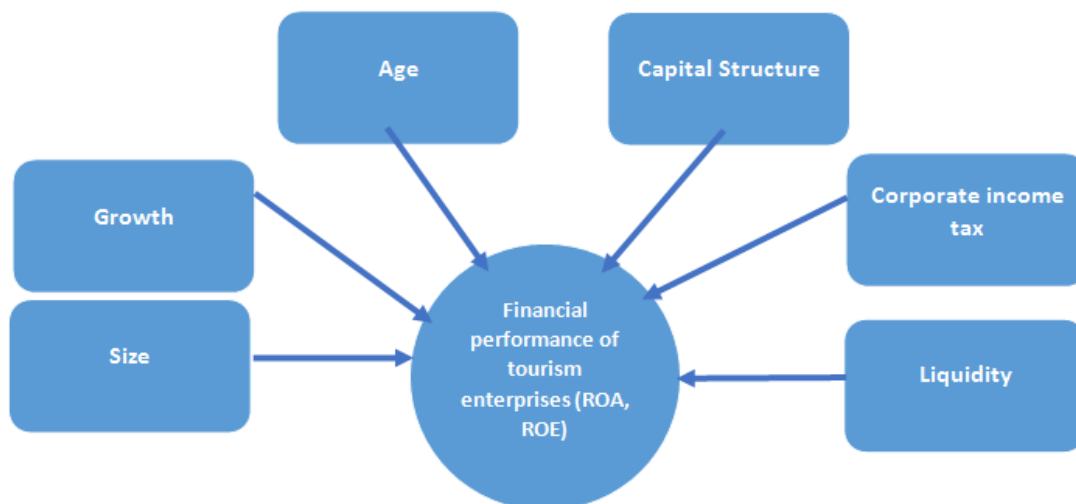


Figure 1: Research model of factors influencing the financial efficiency of tourism businesses.

Therefore, in this study, the author utilizes two research models to assess the impact of factors on the financial efficiency of tourism businesses (one model for the impact on ROA and another for the impact on ROE). Thus, the research model constructed by the author is as follows:

$$ROA_{i,t} = Size_{i,t} + Gr_{i,t} + Age_{i,t} + E/C_{it} + Tax_{i,t} + Liq_{i,t} \quad (1)$$

$$ROE_{i,t} = Size_{i,t} + Gr_{i,t} + Age_{i,t} + E/C_{it} + Tax_{i,t} + Liq_{i,t} \quad (2)$$

Furthermore, in the current context, the operational efficiency of businesses in Vietnam in general, and tourism businesses in particular, is heavily influenced by the business environment. Therefore, the author introduces the variable "PCI" (business environment index) as a representative measure of the business environment in which tourism businesses operate. By incorporating the "PCI" variable into the research framework, the aim is to examine whether the business environment impacts the financial efficiency of tourism businesses. From there, the author will provide managerial implications for tourism businesses to enhance financial efficiency within the existing business environment and establish good relationships with local authorities to gain

advantages and favorable conditions for business operations. Additionally, while exploring the current practices of tourism businesses, the author recognizes that the application of information technology is a trend adopted by these businesses to tap into domestic and international customers. The application of information technology in tourism operations has positively affected tourism businesses. Therefore, incorporating the variable of information technology application will help the researcher understand its impact on the financial efficiency of tourism businesses. The inclusion of these two variables, business environment, and information technology application, in the thesis is a novel and distinct aspect compared to previous research on the impact of factors on the financial efficiency of businesses. With the inclusion of these two variables, the research models (1) and (2) are as follows:

$$ROA_{i,t} = Size_{i,t} + Gr_{i,t} + Age_{i,t} + E/C_{it} + Tax_{i,t} + Liq_{i,t} + Pci_{i,t} + ICT_{i,t} \quad (3)$$

$$ROE_{i,t} = Size_{i,t} + Gr_{i,t} + Age_{i,t} + E/C_{it} + Tax_{i,t} + Liq_{i,t} + Pci_{i,t} + ICT_{i,t} \quad (4)$$

In the research model presented in Figure 1, as well as in models (3) and (4), the independent variables are measured as follows:

Table 1: Variables in the research model

Variable	Code	Measure	Previously used in prior studies
Firm size	Ln_SIZE	Log(vốn)	
Firm growth	Gr	(Current year revenue – Previous year revenue) / (Previous year revenue)	Abeyrathna, S. P. G. M., & Priyadarshana, A. J. M. (2019); Nireesh, A., & Thirunavukkarasu, V. (2014); Doğan, M. (2013).
Firm age	Ln_Age	Log(năm điều tra-năm đăng ký kinh doanh)	Ilaboya, O. J., & Ohiokha, I. F. (2016); Panza et al., D. (2018); Tu, C., & Hall, G. C. (2004)
The capital structure of the enterprise	E/C	Equity capital / Total capital of the enterprise	Đinh Thế Hùng và cộng sự (2020); Ebaid, I. E. S. (2009); Margaritis, D., & Psillaki, M. (2010); Majumdar, S. and Chhibber, P. (1999);
Corporate income tax	Ln_Tax	Corporate income tax	
Liquidity	Liq	The current ratio = Current assets / Current liabilities.	Đinh Thế Hùng và cộng sự (2020); Hayati, I., Saragih, D. H., & Siregar, S. S. (2020); Annisa, R., & Chabachib, M. (2017); Heikal, M., Khaddafi, M., &

			Ummah, A. (2014)
The Provincial Competitiveness Index	Pci	Based on the annual data from VCCI	
Information Technology Adoption Index	ICT	Developed and evaluated annually by the Ministry of Information and Communications	

Source: compiled by the author

Data

The author used data from the annual enterprise survey conducted by the General Statistics Office in this study. The annual enterprise survey data includes various business information, such as capital sources, assets, revenue, expenses, profit, year of business registration, industry sector, business address, etc. However, to serve this research model, only the information relevant to measuring the variables in the model was selected for analysis. These selected variables include the company's capital, beginning-year revenue, end-year revenue, year of business registration, survey year, corporate income tax, current assets, current liabilities, after-tax profit, total assets, and equity. From this information, the author calculated variables such as ROA (Return on Assets) and ROE (Return on Equity), as well as some variables transformed into logarithmic form, such as Ln_SIZE (logarithm of firm size), Ln_Age (logarithm of firm age), and Ln_Tax (logarithm of tax). Other variables like the PCI and the ICT index, the researcher collected them from the Vietnam Chamber of Commerce and Industry

(VCCI) and the Ministry of Information and Communications.

To implement the research model for the target group of tourism enterprises, the researcher filtered the annual enterprise survey data to extract tourism businesses. The tourism businesses primarily include enterprises engaged in accommodation services (industry code 55), food and beverage services (industry code 56), and activities of travel agencies, tour operators, and related support services involved in the promotion and organization of tours (industry code 79). However, not all tourism businesses are included in the annual enterprise survey conducted by the General Statistics Office. Some years involve a comprehensive survey of all businesses, while others employ a sample survey approach. To ensure the reliability and accuracy of the data, the researcher employed techniques related to panel data (repeated observations of businesses over multiple years) to accurately assess the impact of factors on the financial performance of tourism enterprises. Due to limited access to data sources, the research sample for the dissertation consists of 8,367 tourism businesses from 2010 to 2018.

IV. RESEARCH RESULT

The results of the regression model with the dependent variables being ROA and ROE are as follows:

Table 2: Regression model results from the impact of factors on the financial performance of tourism enterprises

Variable	The model with the dependent variable as ROA (1)	The model with the dependent variable as ROE (2)
E_C	0.0315337* [11.61]	0.033618* [6.02]
SIZE	0.0028606* [3.73]	0.004049* [2.57]
ln_age	-0.0054766*	-0.010383*

	[-4.73]	[-4.36]
Liq	0.0004105*	0.000494*
	[3.48]	[2.04]
ln_taxtndn	0.0108792*	0.02003*
	[25.38]	[22.75]
Gr	0.0133846*	0.02764*
	[14.45]	[14.52]
ICT	0.0308472*	0.059238*
	[6.00]	[5.61]
PCI	0.0721938*	0.119192*
	[3.78]	[3.04]
_cons	-0.096182	-0.161349
	[-8.81]	[-7.14]
N	8367	8367
Adjusted R 2	0.5902	0.5555
F-statistic	245.44	192.33

The results of the two regression models in Table 2 for the dependent variables ROA (Model 1) and ROE (Model 2) show that the R-squared values are 0.5895 and 0.5555, respectively. Additionally, the P-values for both models are 0.000, less than 0.05. This indicates that all the variables: capital structure (E/C), firm size (SIZE), liquidity (Liq), corporate income tax, business growth, information technology index (ICT), and PCI index, are statistically significant in both models.

The factors (variables) in the first research model can accurately explain 58.95% of the variation in the dependent variable ROA. Among the variables in the model, the PCI index, capital structure of the business (E/C), information technology index (ICT), business growth (Gr), corporate income tax (TNDN), firm size (SIZE), and liquidity (Liq) have a positive impact on the financial performance of Vietnamese tourism businesses. Only the age variable (Age) has a negative impact on the financial performance of Vietnamese tourism businesses.

The factors (variables) in the second research model can accurately explain 55.55% of the variation in the dependent variable ROE. Among these variables, the PCI index, capital structure of the business (E/C), information technology index (ICT), business growth (Gr),

corporate income tax (TNDN), firm size (SIZE), and liquidity (Liq) have a positive impact on the financial performance of Vietnamese tourism businesses. Similarly to the results of the first model, the age variable (Age) also has a negative impact on the financial performance of Vietnamese tourism businesses.

Specifically, the impact of each factor (each variable in the research model) on the financial performance of Vietnamese tourism businesses is as follows:

For the factors related to businesses:

Capital structure (E/C): Among the internal factors of the businesses, the results of both models indicate that capital structure has a positive impact and the most significant effect on the financial performance (ROA and ROE) of Vietnamese tourism businesses, with regression coefficients of 0.0315337 and 0.033618 respectively. Specifically, capital structure has a greater impact on ROE compared to ROA. This result suggests that increasing the proportion of equity capital (owner's capital) leads to higher financial efficiency for tourism businesses. In practice, it is observed that tourism businesses mainly operate service-oriented activities, requiring relatively lower investment capital. Additionally,

most tourism businesses are small or medium-sized enterprises, with a few employees engaged in activities such as selling tours, tickets (airlines, cars), and vehicle rentals. Many businesses use personal residences as their operational headquarters to reduce costs. This allows tourism businesses to be self-reliant regarding equity capital and operational funds, avoiding dependence on borrowed or share capital. It helps businesses avoid interest expenses and the risk of being taken over when the ownership.

- Business growth: It is an internal factor that has a positive and second-largest impact on the financial performance of Vietnamese tourism businesses in models (1) and (2), with regression coefficients of 0.0133846 and 0.02764 respectively. According to these results, business growth has a greater impact on financial performance when measured by ROE than ROA. Additionally, the positive impact indicates that an increase in the growth rate of the business will lead to higher ROA and ROE ratios for tourism businesses. This reflects that business growth is associated with increased assets, efficient asset utilization, and the accumulation of owner's equity as well as effective utilization of equity capital. In this study, the measure of business growth used by the researcher is revenue growth. These results demonstrate that when a tourism business can achieve revenue growth, it reflects positive business outcomes, operational efficiency, and financial performance. Moreover, a business's ability to achieve growth implies accumulating profits, expanding production and investment, and developing products and services. Furthermore, business growth indicates the business's ability to survive and compete in the market, particularly in the current intense competitive environment where not all businesses can achieve good growth. These findings are consistent with previous studies by Bui, D.T. (2017), Dinh The Hung (2019), and SooCheong Jang et al. (2011), which also demonstrated the positive influence of growth rate on profitability (ROA) in the food service industry.
- Corporate income tax: It is the third-largest factor impacting the financial performance of Vietnamese tourism businesses, with regression coefficients of 0.0108792 in the regression model with ROA as the dependent variable and 0.02003 in the model with ROE as the dependent variable. The research findings indicate that higher corporate income tax payments lead to better financial

performance for tourism businesses. It is natural for businesses to have an obligation to pay corporate income tax when they achieve business results. Increased corporate income tax payments imply that tourism businesses have better business efficiency. In Vietnam, the corporate income tax rate has been reduced from 25% to 20% since 2013, which provides favorable conditions for tourism businesses to pay less corporate income tax and improve their financial performance. From a management perspective, apart from effective business operations and management, fulfilling tax obligations is something that businesses should comply with according to state regulations to help them avoid legal obligations.

- Firm size: It also has a positive impact on the financial performance of tourism businesses. The regression model results reflect that the larger the scale, the higher the financial performance of tourism businesses. When a business expands its scale, it enables it to achieve economic advantages in terms of scale and utilize assets more efficiently. A larger scale allows tourism businesses to invest in developing new services, products, and technologies (especially for travel agencies) and improve tourism-related infrastructure, such as hotels, restaurants, etc., to better meet the needs of domestic and international tourists. For example, in the accommodation sector, with the ability to expand the scale, tourism businesses can invest in 5-star hotels, high-class resorts, and luxury accommodations. The results of this study are consistent with the findings of Sritharan and Vinasithamby (2015) when examining the impact of business scale on the financial performance of tourism businesses in Sri Lanka. Using a regression model, the authors demonstrated the positive influence of scale on the financial performance of Sri Lankan tourism businesses with ROA as the dependent variable.
- Liquidity: The internal factor has the lowest impact on the financial performance of Vietnamese tourism businesses, with regression coefficients of 0.0004105 for the dependent variable ROA and 0.000494 for the dependent variable ROE. This result reflects that having good liquidity will contribute to the better financial performance of the business. In this study, the researcher used the current ratio to measure business liquidity. Given the nature of tourism businesses, their short-term assets

mainly consist of cash, deposits, and securities, with little inventory. Therefore, in order to achieve financial efficiency, tourism businesses should maintain a reasonable liquidity ratio to ensure financial stability, avoid risks to the business, and ensure the payment of short-term debts to creditors. However, if this ratio is too high, it may indicate that cash or inventory is not utilized to generate profits. These idle resources should be reinvested in business operations and production.

Firm age is an internal factor that has a reverse impact on the financial performance (ROA) of Vietnamese tourism businesses, with regression coefficients of -0.0054766 and -0.010383 for ROA and ROE, respectively. This reflects that newly established tourism businesses or startups have better financial performance than long-established businesses. It also indicates that early establishment and industry experience are no longer advantages for tourism businesses. Nowadays, newly established businesses have the advantage of market responsiveness, customer orientation, flexible business strategies, and product adaptation to meet the needs and preferences of tourists. These factors contribute to the better financial performance of newly established tourism businesses than long-established ones. Furthermore, newly established tourism businesses can access and apply technology more effectively, creating favorable conditions for market access and customer engagement through advanced marketing tools. These are additional advantages for young businesses regarding promotion, market expansion, and effective customer reach. The reverse impact of the business's age on financial performance in this study aligns with the findings of Varun Dawar (2014) and other similar studies.

External factors impacting the financial performance of tourism businesses include:

- Provincial Competitiveness Index (PCI): This index reflects a company's business environment. Research results show that the PCI has the greatest positive impact on the financial performance of tourism businesses, both in terms of dependent variables such as Return on Assets (ROA) and Return on Equity (ROE). This implies that tourism businesses aiming for good financial performance should choose locations with favorable business environments, open business environments, and local authorities that create conditions and incentives for business development. This is particularly significant for businesses in the food

and accommodation services sector, which require a favorable environment for operations. If the local government creates disruptions for businesses, it will result in additional unofficial costs, reducing the financial efficiency of the enterprise.

- Information Technology Application Index: This external factor is the third largest influencer of financial performance for tourism businesses. Research shows that as this index increases, the financial performance of tourism businesses also increases. This index is developed annually by the Ministry of Information and Communications and assesses the level of information technology application in each locality. Like other businesses operating in different regions across the country, tourism businesses are influenced not only by the business environment but also by the technology environment, especially the information technology infrastructure that affects their operations. Particularly in the current context, as the tourism industry is actively promoting the application of information technology in all business activities, having a good, modern, and favorable information technology environment will help tourism businesses operate more efficiently.

V. CONCLUSION

Tourism is increasingly contributing significantly to Vietnam's GDP and generating many employment opportunities for society. With its growing trend, the tourism industry in Vietnam not only serves domestic tourists but also attracts a large number of international tourists every year. Therefore, all the impacts of internal and external factors influence the financial efficiency of Vietnam's tourism businesses. The research findings of this article have indicated that factors such as capital structure, business growth rate, corporate income tax, business scale, liquidity, PCI index, and the Information Technology Application index positively affect the financial efficiency of tourism enterprises. Based on the results of this study, the author proposes several solutions to enhance the financial efficiency of Vietnam's tourism businesses, such as increasing profitability, expanding scale, maintaining and accelerating growth rate, ensuring liquidity, maintaining a reasonable capital structure and efficient capital utilization, improving asset utilization efficiency, promoting the application of technology in business operations, implementing policies on tax exemptions and reductions for corporate income, and improving the business environment.

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