



Exploring the Relationship Between Chief Executive Officer Attributes and Loss Avoidance Behaviour in Listed Companies in Vietnam: The Contributing Role of Gender and Age

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Abstract

Background: The contemporary corporate governance framework positions the Chief Executive Officer (CEO) in a pivotal role regarding strategic financial decisions, including tax reporting strategies. Behaviour aimed at loss avoidance (sustaining a minimum profit level to protect corporate or personal image and secure performance-based compensation) constitutes an implicit form of non-compliance, serving as a sophisticated mechanism of circumvention within the legal framework.

Objective: This study aims to empirically investigate the influence of CEO personal attributes—specifically gender, age, and expertise—on corporate loss-avoidance behaviour among listed non-financial companies in Vietnam.

Methodology: The research utilises an extensive panel dataset collected from 206 non-financial companies listed on the Ho Chi Minh Stock Exchange (HOSE) over 10 years (2014–2023), resulting in 2,060 firm-year observations. The econometric analysis employs the System Generalised Method of Moments (SGMM) to mitigate model defects, such as endogeneity, and robustness is assessed using the Robust framework.

Result: The empirical findings demonstrate a positive, significant relationship between female CEOs and loss-avoidance behaviour. Conversely, the results reveal an inhibitory effect of older CEOs on this same behaviour. Overall, the study establishes a distinct link between CEO demographic attributes and strategic loss-avoidance behaviour in Vietnamese non-financial companies.

Conclusion: This investigation concludes that CEO personal characteristics are significant determinants of strategic tax compliance behaviour (proxied by loss avoidance) in an emerging market setting. The findings suggest that managerial attributes contribute measurably to the quality of financial reporting.

Unique Contribution: This study offers a new theoretical and empirical perspective by identifying specific CEO attributes that influence loss-avoidance behaviour and framing this conduct as a sophisticated, implicit expression of strategic tax compliance within Vietnam's regulatory environment.

Key Recommendation: We propose that policymakers and regulatory authorities utilise these findings to enhance the quality of financial information by developing policies and corporate governance practices that account for the varying impacts of CEO attributes on strategic loss-avoidance behaviour.

Keywords: CEO age, CEO expertise, CEO gender, Loss Avoidance, Vietnam

Introduction

In an increasingly competitive global economy, maintaining a positive financial image has become a top priority for businesses. One common strategy is loss avoidance, whereby companies adjust their financial statements to prevent recording losses and thereby maintain investor and stakeholder confidence. Research by Burgstahler and Dichev (1997) indicates that companies often manage their earnings to avoid reporting losses, raising concerns about the transparency and integrity of financial reporting. Loss avoidance refers to companies striving to report positive earnings, even at minimal levels, rather than announcing losses, thus creating a sense of stability and minimising adverse reactions from the market and stakeholders. This phenomenon is evident in the discontinuous distribution of accounting profits, with anomalies occurring more frequently in the positive small profit region compared to the negative small profit region.

In the context of economic globalisation and increasing financial transparency requirements, corporate tax compliance behaviour has become a critical issue for both corporate managers and tax authorities. Tax avoidance is viewed as a means to optimise shareholder wealth by reallocating resources from the government to the company (Nebie & Cheng, 2023). While many studies indicate that tax avoidance behaviour can be a strategy for maximising corporate profits, few have examined the relationship between CEOs' attributes and tax avoidance, especially in emerging economies such as Vietnam.

In Vietnam, with the rapid development of the stock market and the increasing number of listed companies, the issue of earnings management, particularly loss avoidance behaviour, has gained significance. However, research on the relationship between CFO attributes and loss avoidance behaviour in the context of listed companies in Vietnam remains limited. From the

perspective of CEOs, loss avoidance behaviour can be defined as financial strategies aimed at maintaining a positive corporate image or protecting the CEO's interests. Given their critical role in the company's strategic decision-making, CEOs may take actions to "avoid losses" by using legal accounting techniques or making subjective decisions. This behaviour allows CEOs to preserve the corporate image or safeguard their interests by minimising losses in financial statements without violating the law. Consequently, while loss avoidance behaviour remains within the legal framework, it may indicate a potential level of tax non-compliance. To better understand this relationship, it is necessary to examine the factors influencing the CEO's attributes in loss-avoidance decisions, particularly in the context of listed companies in Vietnam.

Gender is an important demographic characteristic that influences the leadership style, risk tolerance, and decision-making behaviour of senior managers. Previous studies have shown that female CEOs are more cautious in making financial decisions, tend to comply with regulations, and are less likely to commit fraud or manipulate earnings than their male counterparts (El-Dyasty & Elamer, 2025; Faccio et al., 2016).. In contrast, male CEOs are often described as having a higher tendency towards risk-taking, greater susceptibility to market and investor pressure, and a greater likelihood of adopting opportunistic accounting tactics. The age of CEOs is linked to caution and risk aversion. Jbir et al. (2021) found that CEO age has a negative effect on tax aggressiveness.

In the context of an emerging market like Vietnam, where corporate governance and supervision standards are still evolving, the gender of a CEO can significantly impact the decision to "bend the rules" to avoid recording losses – a type of behaviour that is considered common among listed companies to maintain a positive financial image. Therefore, analysing the role of gender in this behaviour not only helps clarify the human factors affecting financial management but also contributes to expanding the theory of managerial behaviour within the context of developing countries.

Against that backdrop, this study aims to: (1) explore the relationship between CEO age and accounting "circumvention" to avoid losses—thereby clarifying whether age is linked to the degree of caution, conservatism, or risk-taking in accounting decisions; (2) analyse the role of CEO gender in the formation of "circumvention" to avoid reporting losses—specifically considering behavioural differences between male and female CEOs in listed companies in Vietnam; and (3) examine the impact of CEO expertise (especially financial/accounting expertise) on the ability to use accounting techniques to manipulate earnings—thereby clarifying the relationship between expertise and opportunistic behaviour in accounting. The implementation of these objectives is expected to enhance the understanding of human factors in accounting behaviour in listed companies in emerging markets such as Vietnam. To answer these questions, we surveyed 206 non-financial companies listed on the Ho Chi Minh Stock Exchange (HOSE) from 2014 to 2023. This timeframe is suitable for examining the factors influencing loss avoidance behaviour within the context of the rapidly changing Vietnamese economy, characterised by the growth of listed companies and strict requirements for financial transparency.

Literature Review and Hypothesis Development

This study draws on two critical theories: Upper Echelons Theory (Hambrick & Mason, 1984) and Agency Theory (Jensen & Meckling, 1976) to explain the relationship between CEO

personal attributes and loss-avoidant behaviour. Upper echelons theory suggests that a firm's strategic decisions, including financial decisions such as tax avoidance behaviour, are influenced by the personal characteristics of top executives, particularly the CEO. Attributes such as age, educational background, work experience, and even the career ambitions of the CEO can significantly affect the firm's financial management strategies. Researchers have applied the upper echelons theory to demonstrate that CEOs' financial decisions may be shaped by their personal characteristics, including their level of career ambition, personal goals, and desire to maintain a positive image in the eyes of shareholders and the public. This may help explain why some CEOs engage in loss-avoidant behaviour to protect their interests or uphold a positive corporate image.

Agency theory posits that in the relationship between shareholders (who own the company) and CEOs (who run the company), the interests of the CEO may not be entirely aligned with those of the shareholders, creating situations where the CEO may take strategic actions, such as loss avoidance, to safeguard personal interests or preserve a favourable image. These factors may influence the company's level of tax compliance, thereby indirectly affecting tax avoidance behaviour in practice. Agency theory provides a robust theoretical basis for studying loss-avoidant behaviour, as CEOs may seek to maximise their benefits by maintaining a positive corporate image or protecting personal interests, such as career advancement or performance-based bonuses (Jensen & Meckling, 1976).

Research on tax avoidance behaviour has attracted the attention of many scholars, especially in emerging economies. Studies have shown that CEOs can use financial strategies to minimise corporate tax obligations without violating the law. Ngo (2024) found that social responsibility has a significant impact on tax evasion and that CEO power plays a moderating role. Chardonens and Wallmeier (2024) emphasised that loss avoidance behaviour through earnings management represents a discontinuity in the distribution of income at the profit and loss threshold. Jbir et al. (2021) asserted that older CEOs and CEOs with an accounting background are negatively related to tax aggressiveness. Enachescu et al. (2019) explored the role of positive and negative emotions in tax compliance behaviour. Belahouaoui and Attak (2024) Recognised that the complex interaction between CEOs' and CFOs' personal norms significantly influences tax compliance behaviour. They emphasised the multifaceted nature of tax compliance, which is shaped by personal ethics, family values, and the prevailing social tax culture. Tan et al. (2023) identified that CEOs with higher educational attainment weaken the negative impact of their childhood poverty experiences on tax evasion behaviour. Baghdadi et al. (2022) demonstrated that risk-seeking CEOs engage in more tax evasion than either overconfident or ability-focused CEOs. Hsieh et al. (2018) acknowledged that tax avoidance behaviour is higher in companies with CEOs and CFOs who are overly confident.

In Vietnam, research on tax avoidance behaviour and the influencing factors from CEOs remains limited. However, with the significant development of listed companies in recent years, tax avoidance and loss avoidance behaviours have become more pressing issues. Tran and Duong (2020) provided evidence that companies have implemented earnings management strategies to avoid losses but have not applied these strategies to prevent earnings decline. They also revealed that managers use changes in working capital to execute earnings management practices aimed at loss avoidance. Thai et al.(2025) reported that female CEOs and chairpersons weaken the relationship between tax avoidance and the risk of stock price crash. Cong and Thu (2021) found that customers greatly value the expertise of business leaders.

Based on the background theory and previous studies, this paper develops three primary hypotheses regarding the relationship between CEO personal attributes and loss avoidance behaviour in listed companies in Vietnam:

Hypothesis H1: CEO gender negatively impacts loss avoidance behaviour.

Hypothesis H2: CEO age negatively influences loss avoidance behaviour.

Hypothesis H3: CEOs with economic and financial expertise negatively affect loss avoidance behaviour.

Research Methodology

Research data were collected from 206 non-financial companies listed on the HOSE from 2014 to 2023, comprising 2060 observations. According to data from the State Securities Commission, as of December 31, 2023, HOSE had a total of 394 non-financial companies listed. After excluding companies with insufficient data during the research period (those listed after 2014, those missing financial statements and annual reports, and companies with problematic data), the remaining 206 companies constituted the research sample.

To address the research questions and achieve the research objectives, based on the research overview and hypotheses, we propose the following research model:

$$LA_{it} = \beta_0 + \beta_j INVAR_{it} + \beta_j COVAR_{it} + \varepsilon_{it} \quad (1)$$

In this equation:

- LA_{it} : dependent variable reflecting loss avoidance.
- $INVAR_{it}$: independent variables, including CEOGEN, CEOAGE and CEOFIN.
- $COVAR_{it}$: control variables, including FSIZE, LIQ, TAT, ROA, MTB and AUDSIZ
- β_0 : is a constant term.
- β_j ($j = 1, 12$): are correlation coefficients.
- ε : is an error.

Furthermore, since firms' loss avoidance may be affected over time, we include a lag variable for loss avoidance in the model. Therefore, equation (1) becomes:

$$LA_{it} = \beta_0 + \beta_1 LA_{it-1} + \beta_2 LA_{it-2} + \beta_j INVAR_{it} + \beta_j COVAR_{it} + \varepsilon_{it} \quad (2)$$

The names, symbols, definitions and studies related to the variables in the model are shown in Table 1.

Table 1. Description of variables

Variable Name	Symbol	Definition	Support
<i>Dependent Variable</i>			
Loss avoidance	LA	Dummy variable =1 if ROA is between 0 and 2%, otherwise = 0	Nair et al. (2019)
<i>Independent Variable</i>			
CEO gender	CEOGEN	Dummy = 1 if the CEO is female; otherwise = 0	Gul et al. (2020), Thai et al. (2025)
CEO age	CEOAGE	CEO's age for the current year	Gul et al. (2020), Jbir et al. (2021)
CEO expertise	CEOFIN	Dummy = 1 if the CEO has expertise in economics, finance, accounting, or auditing; otherwise = 0	Jbir et al. (2021)
<i>Control Variable</i>			
Firm size	SIZAS	Natural logarithm of total assets	Nghi and Diem (2025)

Liquidity	LIQ	Current Assets/Current Liabilities	Chen et al. (2019)
Asset utilisation efficiency	TAT	Total Sales/Total Assets	Nghi and Diem (2025)
Return on assets	ROA	Net Income/Total Assets	Jbir et al. (2021)
Market to book	MTB	Market Capitalisation/Net Book Value	Habib et al. (2024)
Audit firm size	AUDSIZ	Dummy variable = 1 audited by Big4, otherwise = 0	Nghi and Diem (2025)

Empirical Results and Discussions

Descriptive Statistics

Table 2 shows that the LA variable has an average value of 0.179, indicating that approximately 17.9% of companies follow a loss avoidance strategy. This may reflect a general trend or a cautious approach to financial decisions. The standard deviation of LA is 0.383, signifying considerable variation in the level of loss avoidance among companies. The CEOGEN variable, with an average value of 0.115, reveals that only 11.5% of CEOs are female, highlighting a gender imbalance in leadership positions. The CEOAGE variable averages 50.006 years, suggesting that companies often select individuals with substantial experience. The standard deviation of CEOAGE is 8.596, indicating a broad age distribution, ranging from 25 to 80 years. The CEOFIN variable has an average value of 0.6, signifying that 60% of CEOs possess expertise in economics, finance, accounting, and auditing. The standard deviation of CEOFIN is 0.49, reflecting a relatively balanced distribution of expertise, which illustrates a distinct preference for candidates with specialised knowledge.

For the control variables, the mean value of FSIZE is 12.281, with a standard deviation of 0.61; thus, company sizes vary within a narrow range (from 11.087 to 14.825), exhibiting limited dispersion. This suggests that the companies in the sample are generally of similar size. The remaining variables (LIQ, TAT, ROA, MTB, AUDSIZ) demonstrate significant fluctuations in value. LIQ exhibits considerable variation in liquidity, with some companies displaying very high liquidity while others have low liquidity. TAT and ROA both illustrate a wide distribution in asset utilisation and profitability among companies. MTB is highly volatile, indicating that some companies are significantly overvalued in the market compared to their book value. AUDSIZ is a binary variable, suggesting that a large portion of companies are BIG4.

Table 2. Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
LA	2060	0.179	0.383	0	1
CEOGEN	2043	0.115	0.319	0	1
CEOAGE	2035	50.006	8.596	25	80
CEOFIN	2043	0.6	0.49	0	1
FSIZE	2060	12.281	0.61	11.087	14.825
LIQ	2060	2.783	4.268	0.097	73.754
TAT	2060	0.989	0.944	-0.005	12.757

ROA	2060	0.07	0.09	-1.587	0.784
MTB	2020	1.433	2.545	-3.27	97.79
AUDSIZ	2060	0.386	0.487	0	1

Correlation analysis, multicollinearity testing, and model selection

The results of the correlation analysis between the variables are displayed in Table 3. Accordingly, interesting findings regarding the relationship between CEO characteristics and the company's financial factors emerge. Specifically, the correlation between CEO gender and financial variables reveals a weak yet statistically significant association with the LA variable, with a correlation coefficient of 0.048 and a significance level of 0.05 (**). This may indicate that the CEO's gender has a slight but noticeable effect on the company's loss avoidance. Regarding age, the correlation between CEOAGE and other variables is not strong, showing a relatively small negative coefficient (-0.117) for LA. However, there is a negative correlation between CEO age and specific financial indicators such as ROA (-0.312), suggesting that older CEOs may face more challenges in improving return on assets. Concerning professional experience, the correlation between CEOFIN and financial variables demonstrates a strong negative correlation with CEOAGE (-0.196***), but a very weak correlation with LA (0.015). This may reflect that CEOs with broader professional experience may not entirely avoid substantial losses, although they might mitigate other risks in financial management.

For financial factors such as FSIZE, LIQ, and ROA, substantial correlations with LA are observed, particularly with FSIZE ($r = 0.045^{**}$). These factors suggest that larger or more financially stable companies tend to possess a better ability to avoid losses. The study continued to check for multicollinearity using the Variance Inflation Factor (VIF). The results showed an average VIF value of 1.13, with the FSIZE variable having the highest VIF at 1.41, while CEOGEN had the lowest VIF of 1.00. Thus, there was no evidence of multicollinearity.

The subsequent steps involved checking for heteroscedasticity using White's test and autocorrelation using the Wooldridge test for the OLS model, which yielded a p-value of 0.000. This indicates that the OLS model exhibits both heteroscedasticity and autocorrelation. The study then proceeded to run the Fixed Effect Model (FEM) and Random Effect Model (REM), employing the Hausman test to determine the appropriate research model. The result was $\text{Prob} > \chi^2 = 0.0000$, leading to the selection of FEM.

Table 3. Correlation analysis

Variables	LA	CEOGEN	CEOAGE	CEOFIN	FSIZE	LIQ	TAT	ROA	MTB	AUDSIZ
(1) LA	1									
(2) CEOGEN	0.048**	1								
(3) CEOAGE	-0.117***	-0.025	1							
(4) CEOFIN	0.015	0.018	-0.196***	1						
(5) FSIZE	0.045**	0.019	0.052**	0.042*	1					
(6) LIQ	-0.050**	0.023	-0.016	0.019	-0.225***	1				
(7) TAT	-0.137***	-0.01	0.039*	0.028	-0.144***	-0.086***	1			
(8) ROA	-0.312***	-0.004	0.102***	-0.072***	-0.095***	0.166***	0.159***	1		
(9) MTB	-0.112***	0.013	0.033	0.012	0.145***	-0.011	0.033	0.108***	1	
(10) AUDSIZ	-0.099***	0.058***	-0.009	0.057***	0.462***	-0.102***	0.008	0.018	0.120***	1

Testing, overcoming defects, and estimating the model using the SGMM-Robust method

The study tested common defects in the selected model (FEM), including heteroskedasticity, autocorrelation, and endogeneity between variables. The results of the Modified Wald test for heteroskedasticity yielded $\text{Prob} > \chi^2 = 0.0000$; the Wooldridge test for autocorrelation resulted in $\text{Prob} > F = 0.0000$, indicating that the selected FEM model exhibits heteroskedasticity and autocorrelation. Continuing with the IVregress 2 SLS regression and the Wu-Hausman test, we found that the p-values for the variables ROA and MTB were 0.0054 and 0.0189, respectively, indicating that the FEM is endogenous.

The test results indicate that the selected model violates the assumptions of conventional regression methods, necessitating an estimation technique that can thoroughly address the issues above. In this context, the study determines the SGMM method with robust standard errors (SGMM-Robust) as a comprehensive solution. It not only addresses the issues of heteroscedasticity, first-order autocorrelation, and endogeneity but is also suitable for models with dynamic structures. Additionally, SGMM-Robust allows for testing the robustness of the model through Hansen, Arellano-Bond,

and Wald statistics tests. The estimation results from SGMM-Robust are the official results used in the discussion section, ensuring reliability and consistency in the research conclusions.

Testing the SGMM- Robust model indicates that the number of instruments (154) is less than the number of groups (206); Arellano- Bond test for AR(1): $Pr > z = 0.000$; Arellano- Bond test for AR(2): $Pr > z = 0.669$; and Hansen test of over-identification restrictions: $Prob > \chi^2 = 0.439$. The results demonstrate that the SGMM-Robust model satisfies the suitability criteria, showing no second- order autocorrelation, the validity of the instruments used, and that the number of instruments does not exceed the number of groups. It also indicates that the estimation results from this model are reliable.

Table 4 below presents the estimation results from OLS, FEM, REM, and SGMM-Robust regressions.

Table 4. Estimation results

VARIABLES	OLS	FEM	REM	SGMM
L.LA				0.237***
				-0.002
L2.LA				0.028
				-0.731
CEOGEN	0.060**	0.009	0.029	0.165*
	-0.016	-0.795	-0.336	-0.099
CEOAGE	-0.004***	0	-0.002**	-0.012***
	0	-0.735	-0.029	-0.008
CEOFIN	-0.02	-0.011	-0.015	-0.059
	-0.238	-0.624	-0.458	-0.499
FSIZE	0.042***	0.133***	0.042*	0.053**
	-0.007	-0.003	-0.068	-0.047
LIQ	0	0.003	0.001	-0.002
	-0.992	-0.311	-0.535	-0.693
TAT	-0.028***	-0.043*	-0.034***	-0.026*
	-0.001	-0.052	-0.009	-0.063
ROA	-1.453***	-0.979***	-1.225***	-0.733***
	0	0	0	-0.002
MTB	-0.010***	-0.006**	-0.009***	-0.007
	-0.002	-0.038	-0.004	-0.262
AUDSIZ	-0.092***	0.064**	-0.03	-0.059**
	0	-0.049	-0.225	-0.034
Constant	0.052	-1.330**	-0.071	0.187
	-0.788	-0.018	-0.806	-0.617

Table 4 shows that the first-order lagged variable of LA (L.LA) has a positive and statistically significant coefficient, while L2.LA is not statistically significant. The results indicate that the loss avoidance behaviour of enterprises is dynamic in the short run. That is, if an enterprise has avoided losses in the previous period, it tends to continue avoiding losses in the current period. This reflects consistency in the enterprise's earnings management behaviour. However, this effect does not persist in the long run, as the two-period lagged value becomes no longer significant, suggesting that short-term factors, such as performance pressure, market expectations, or fiscal year-based incentive policies, mainly influence loss avoidance behaviour. This result reinforces the argument that loss avoidance is not merely a random phenomenon, but rather an intentional and recurring phenomenon within enterprises, albeit conditionally.

Regarding gender, the results show that the CEOGEN variable has a positive coefficient (0.165) and is statistically significant at the 10% level. Hypothesis H1 is rejected. This suggests that firms with female CEOs are more likely to engage in loss-avoidant behaviour than those run by men. This is a remarkable result and somewhat contrary to many common assumptions in previous studies on gender-specific financial behaviour. While many theoretical and empirical studies have suggested that female CEOs tend to be more cautious, conservative, and ethical in their financial performance - thus reducing their ability to manage earnings - this result implies that female CEOs in the research context may be under greater pressure to deliver on their business performance or may have different financial response strategies. Additionally, this result indicates that female CEOs are often a minority in the senior management teams of firms, particularly in traditional environments, which may place them under more pressure to prove their capabilities, leading them to adjust their results to meet the expectations of the board of directors or shareholders. Loss avoidance behaviour may not merely manifest as negative manipulation but also serve as a means to demonstrate the ability to execute a flexible financial strategy in the absence of support or amid gender bias. The OLS and REM models also show a positive but weaker coefficient (OLS: 0.060**, REM: 0.029), while the FEM is insignificant. This indicates that SGMM-Robust is the only model that clearly and reliably reflects the relationship between CEO gender and loss avoidance behaviour after controlling for severe defects in the panel data.

Regarding age, the CEOAGE variable has a coefficient of -0.012 and is highly statistically significant ($p < 0.01$) in the SGMM-Robust model. Hypothesis H2 is accepted. This is one of the most consistent and essential findings in the study—the older the CEO, the lower the likelihood of engaging in loss-avoidant behaviour. First, older CEOs tend to have many years of management experience, making them more professional in management and less susceptible to pressure from short-term results. Second, they have achieved personal status and reputation and are therefore less influenced by incentives such as rewards, positions, or short-term shareholder expectations. Third, in the later stages of their careers, they are more concerned about their “management legacy” and tend to pursue transparent and sustainable policies. The OLS and REM results also indicate the same trend and are significant (OLS: -0.004***, REM: -0.002**), but the level of influence is only confirmed with certainty in SGMM-Robust.

In terms of expertise, the coefficient of CEOFIN is -0.059 but is not statistically significant. This suggests that the CEO’s professional background in economics, finance, accounting, or auditing does not clearly affect loss avoidance behaviour. This result can be explained by the fact that having economic expertise does not necessarily translate to the ability to operate a transparent business. Earnings management behaviour results from a combination of factors: pressure from the board of directors, corporate culture, personal leadership style, and external context. CEOs may possess economic expertise but still choose to manipulate financial results if motivated by short-term incentives or a weak governance environment. This finding is consistent with the comparisons made in the models (OLS, FEM, REM), where CEOFIN is not statistically significant in any scenario.

The control variables also show distinct trends and varying levels of impact on LA. Firm size has a coefficient of 0.053 and is significant at the 5% level, indicating that larger firms tend to engage in more loss avoidance behaviour. This is because large firms are often closely monitored by investors, regulators, and the public. High expectations and the need to maintain

positive results provide them with greater incentives to “beautify” their financial statements. Furthermore, their large size affords them more flexible accounting tools to engage in loss avoidance behaviour. The OLS and FEM results also reveal a significant positive relationship (OLS: 0.042***, FEM: 0.133***), further reinforcing the validity of the SGMM-Robust findings.

Asset utilisation efficiency has a coefficient of -0.026 and is significant at the 10% level, indicating that firms that use assets efficiently tend to incur losses less frequently. Efficiently operating firms often have stable business results and are less pressured to adjust their reported outcomes. Conversely, high asset utilisation efficiency signifies that management has reasonable control over resources, thereby reducing the need to employ technical accounting measures to avoid losses.

Asset profitability is the most influential control variable across all models, especially in SGMM-Robust, where the coefficient is -0.733 and significant at the 1% level. This finding strongly indicates that firms with high profitability are less motivated to avoid losses. This aligns with traditional and behavioural finance theory, suggesting that when firms perform well, they do not resort to accounting tricks to meet profit targets. Additionally, a high ROA reflects genuine efficiency, helping to align responses with shareholder expectations.

Market-to-book value exhibits a negative but statistically insignificant coefficient, suggesting that market valuation does not significantly influence loss avoidance in the context of this study. The OLS and REM results are statistically significant but may be influenced by endogeneity and have imprecise standard errors.

The audit firm size coefficient is -0.059 and is statistically significant at the 5% level, confirming that firms audited by large auditors (the Big 4) are less likely to incur losses. This finding holds high practical value. Large auditors typically implement strict quality control procedures, possess strong brand recognition, and have high liability, making them more likely to detect and prevent earnings manipulation. The OLS results also indicate that AUDSIZ has a negative and highly significant effect (coefficient -0.092***), while FEM presents a positive outcome (0.064**) - this emphasises that only SGMM-Robust yields the most stable and reasonable results after complete control.

The results of this study demonstrate that female CEOs positively influence the restraint of “law-breaking” behaviour to avoid losses. In contrast, older CEOs tend to act more cautiously and manipulate earnings less frequently to avoid losses. This finding aligns with numerous previous studies in developed markets (e.g., Jbir et al., 2021; Thai et al., 2025), but the novel contribution here is to confirm this relationship within the context of listed companies in Vietnam—an emerging economy with significantly different institutional characteristics, information transparency, and market supervision. Moreover, unlike most earlier studies that utilise cross-sectional data or static models, this investigation employs the SGMM method to address endogeneity, heteroscedasticity, and autocorrelation, thereby enhancing the reliability and accuracy of the estimates. Utilising a 10-year panel data set from 206 companies further clarifies the stability of the results over time. Additionally, robustness testing using a robust analytical framework reinforces the empirical validity of the findings. These factors illustrate that the study not only builds upon the existing theoretical foundation but also extends it by

testing in a new context, employing modern methods, and elucidating CEO behavioural characteristics in an incomplete monitoring environment, such as Vietnam.

Conclusions and Recommendations

This study is one of the first attempts in Vietnam to analyse the role of CEO personal attributes in "circumvention" behaviour through loss avoidance. Instead of focusing solely on traditional financial factors, the study emphasises the significance of human factors in non-pure accounting behaviour. The results indicate that female CEOs and young CEOs are more likely to engage in loss avoidance, suggesting that businesses should develop a comprehensive CEO profile that considers behaviour, professional ethics, and management philosophy, rather than merely expertise or experience. At the same time, it is essential to evaluate CEO performance based on long-term outcomes to minimise the incentive for using accounting tricks to achieve short-term goals. Additionally, the supervisory role of large auditing firms is acknowledged in curtailing loss avoidance behaviour. Businesses should collaborate with reputable auditing firms and enhance their internal auditing processes to foster transparency, thereby strengthening investor confidence. For investors, information regarding the CEO's gender, age, and profile can serve as an indirect indicator of the integrity of financial statements. Furthermore, indicators such as Return on Assets (ROA), Market-to-Book (MTB), and Total Assets Turnover (TAT) can help identify the risk of profit manipulation.

On the management front, the study advises establishing a legal framework to promote the disclosure of leadership information, increasing oversight of accounting behaviour from the perspective of senior personnel, and implementing clear penalties for manipulative conduct. The study's limitation lies in its sample size, which does not encompass all CEO characteristics, such as qualifications, experience, and nationality, suggesting future research directions.

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